SUPERMARKET BUSINESS

$7.00
PER COPY

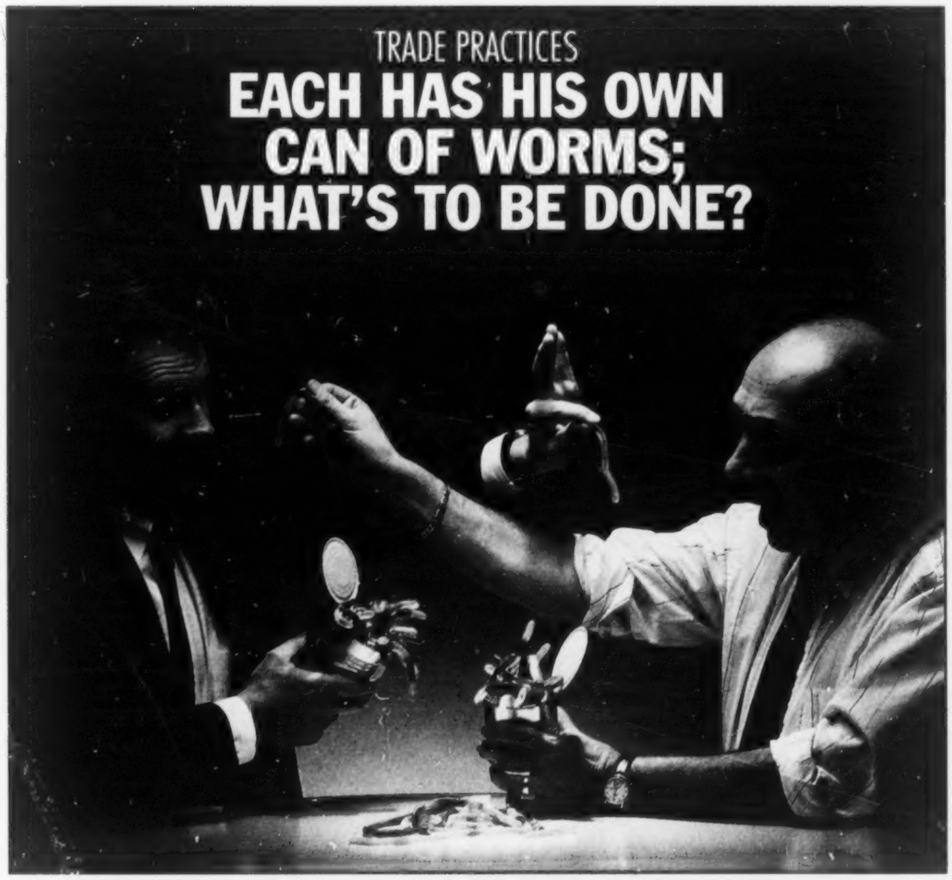
VOLUME 47/NUMBER 5
MAY 1992

C4655-1

THE • THINKING • MAGAZINE • FOR • THINKING • PEOPLE

TRADE PRACTICES

EACH HAS HIS OWN CAN OF WORMS; WHAT'S TO BE DONE?



What's That She's Carting Around?

New Supreme Court: A Foodservice Department You Can Send Out For

At Seessel's, They've Cooked Up Quite A Restaurant

*********** 5-DIGIT 20814
136 SBSC4580916
CONGRESSIONAL INFO SERVIC
05
CONGRESSIONAL INFO SRV IN
4520 EAST-WEST HIGHWAY
BETHESDA MD 20814

SUPERMARKET BUSINESS

MAY
1992

VOLUME 47
NUMBER 5

FEATURES

page 27

page 53

page 77

page 115

COVER STORY: TRADE PRACTICES—HARD TIMES BRING CHAOS TO THE STRUGGLE FOR POWER KEN PARTCH 27

Who shall lead, and who shall follow? That's a key question being asked in the marketplace, now that everyone's can of worms is on the table and all are trying to deal with recession and deflation. To see how companies are coping we priced five key markets...and found that while there may be central buying, there's no such thing as central pricing.

SUPREME COURT GOES ON TRIAL MIKE DUFF 53

Talk about co-opting the (restaurant) competition! Here, for the first time under one supermarket roof, are Bennigan's, Chi-Chi's, Godfather's Pizza, Ricky Shaw's Oriental Express, 5th & Grand Sandwich Stand and Heartland Winger's Fried Chicken.

SPECIAL PRODUCE SECTION: EXCITING NEW DISPLAY EQUIPMENT 77
CAROL FENSHOLT

Today, to showcase your store's Number One draw, a wonderful variety of innovative fixtures and equipment can be had...or created especially for you by a custom manufacturer. Here's a look at some of the latest offerings.

RESETTING AMERICA'S TABLE: AN OVERVIEW OF A CHANGING U.S. CONSUMER AND FOOD MARKETPLACE MOLLY O'NEIL 87

Some eat to live, others live to eat, and there's a multitude in between. The "American way of eating" has changed dramatically over the years, and this article examines how and why.

AT CERRETANI'S, THEY MAKE NEW FRIENDS...BUT KEEP THE OLD 99
MIKE DUFF

Senior citizens found this store's remodel and expansion a bit too much to handle...until company management made a very special effort to meet their very special needs.

WELCOME TO THE FAMILY RICHARD DE SANTA 107

What began as the re-design of the Dominick's corporate logo resulted in the emblazoning of the founder's name on the chain's private label products for the first time.

CONSUMER SEAFOOD DAY: THE NOSE KNOWS 109
FRANK HAMMEL

Consumers fishing for insights into recent seafood controversies get their questions answered at an innovative program in a Connecticut ShopRite store, as Wakefern throws out its net and rakes in some potential new customers for the co-op's seafood departments.

AT WAKEFERN, THEY'RE ON A ROLL TO CLEAR THE AIR MIKE DUFF 115

Demonstrating a cooperative spirit, ShopRite's parent is doing its part to meet Clean Air Act standards in advance of the deadline, by retrofitting its trucks and experimenting with alternative fuels.

SUPERMARKET BUSINESS

MAY
1992

VOLUME 47
NUMBER 5

page 149

page 119

page 171

page 194

FEATURES continued

QUALITIES OF LEADERSHIP LEONARD L. BERRY 178

These are troubled times in retailing, and the problems will not disappear with a sustained ecconomic upturn. What's needed is for us to put our own house in order, this observer argues.

ONLY THE RESULT WAS BUNYANESQUE FRANK HAMMEL 181

The president of independent operator Paul Bunyan may not clear the forest with one mighty swing. But he's done something almost as impressive: Chop 50 percent more volume out of his Erie, PA marketplace.

INSTORE BUSINESS

COOKING UP A COMPETITIVE EDGE 119

If you're truly committed to foodservice quality, what you need is all-scratch cooking by a central kitchen. That's the conclusion reached by two innovative operators whose store-level approaches differ...but who have many philosophies in common.

➤ **IN MEMPHIS, SEESSEL'S MAKES FOOD FIT FOR A KING** 120
CAROL FENSHOLT

➤ **IN MICHIGAN, D&W 'PREPARES' A NEW STANDARD** 138
DAVID LITWAK

NONFOODS BUSINESS

3RD ANNUAL HBA OPERATIONS REVIEW 149
BY DAVID LITWAK & NANCY MALINE

Supermarket HBA sales reached a new high of $11.6 billion last year, a 5.3 percent increase over 1990. Considering the state of the economy and the all-classes-of-trade competition, that wasn't bad. For the details, see inside.

KROGER TEAMS UP WITH LOCAL HOSPITALS ON 'HEALTHY LIVING' CONSUMER PROGRAM DAVID VASCEK 161

Will consumers do the right thing, if given enough information to make healthy food buying decisions? In Columbus, Ohio, Kroger aims to find out, with an innovative program involving local health professionals.

BIG Y—TESTING WAYS TO TURN UP THE VOLUME MIKE DUFF 171

A new "basic set" of nonfoods operations is the goal of this 30-store Northeast chain, as it adds space and tweaks the mix to build volume in the high-profit GM/HBA category.

COLUMNS & DEPARTMENTS

EDITOR'S VIEW **7**
WASHINGTON BRIEFS **9**
TRADESCAN **12**
SUPPLIER SIDE **18**
MANAGEMENT **20**
TECHNOLOGY **22**
PRODUCE **75**
PREPARING FOOD **145**
READER CONTEST **190**
ADVERTISERS' INDEX ... **184**
CHECKOUT **194**

IS THIS HOW WAR BEGINS?

By Ken Partch, Editor-In-Chief

March 27, 1992

Dear Ken:

Your article this month [March] about the "Return of the Regular Price" prompted me to finally write to you about the problem.

I am a recently retired grocer of 66 years, who has been in our Great Food Industry every minute of my life.

The practice of "Hi-Lo" pricing started with the beverage industry about 1974, during Pres. Nixon's price freeze, and then with a run-up in soda prices due to high sugar prices. Diet soda prices went up too!

The "list" or "regular" prices were never lowered after that. We got the deal and special offers—leading to the nightmare our industry is now locked into. At one point we were forced to buy only deal merchandise in order to be competitive. Beverage dealers told me that 90 percent of their movement was at deal prices.

When Cub Foods and other mass "merchandisers" entered our market we heard that they bought only on deal on most items. We who tried to have all brands and sizes were made to look like bandits in between deal offerings from our co-op.

Many consumers I have talked with lately tell me they buy in quantity on specials, and wait for the next "sale" to stock up again. Many are no longer loyal to the name brands. They are buying more house brands and unknown brands at Aldi's, and find them OK.

I spoke at length about the growing problem in 1983 at the N.G.A. Convention in San Francisco. Many major food manufacturing reps told me I was right on target. However, they felt locked into the practice.

The enclosed letter to USA Today brought several calls from around the country.

Sincerely,

Anthony A. Dinolfo
Chicago, Ill.

"It is embarrassing to be a grocer when a can of tuna is $1.19 at the everyday price, but 49 cents on 'sale' every other week."

—Independent operator

In his letter to USA Today published on November 13, 1991, Tony Dinolfo criticized the widespread practice in all forms of retailing—from cars to clothing—of artificially high "list" or "regular" prices and the deep discounts, rebates, coupons and two for one "sales." About groceries he said:

"...It even became embarrassing to be a grocer when a can of tuna was $1.19 at everyday price, but then 49 cents on 'sale' every other week."

There are signs that these roller coaster peaks and valleys in pricing and in distribution of product may be changing. And the reason is probably that they have to change. Hard times have a way of forcing reality onto everything. Consumers have been cutting back in total spending and in how they spend. For brand marketers, and supermarkets, that's a dangerous situation.

Most of the major grocery manufacturers cut their consumer advertising programs severely in 1991, and increased the amount spent on trade and consumer promotions. In fact, trade promotion dollars now amount to nearly 50 percent of total marketing budgets, according to the latest Donnelley Marketing Survey of Promotional Practices. Consumer promotions bring total promotion spending to 75 percent; media advertising now accounts for a mere 25 percent of the marketing budget. Some, like Tony O'Reilly of Heinz, think this has been a good move. But Procter & Gamble says that it will increase consumer advertising in 1992, as part of its new approach to the marketplace.

Some of the giant acquisitions in the grocery industry of both retailers and manufacturers are turning out to be somewhat less than wonderful in their return on investment. Raising prices in hard times is not as easy as it once was. The cost of those peaks and valleys in inventory is perhaps not as negligible as it once was.

Nevertheless, gross margins in some markets continue to head for the stratosphere. Not many years ago, the average gross margin before interest, taxes and dividends was about 22 to 23 percent. Interest rates on debts were a fraction of a percent. In well-run "family-owned" operations, they still are. But others are running grosses in the upper twenties, with interest rates that are double or triple net profits.

People ask: How did those smart investment bankers, who discovered the attractive cash flows in the supermarket business, also know that grosses in the industry could be raised to cover the enormous debt assumed

Continued on page 12

SUPERMARKET BUSINESS

EDITOR-IN-CHIEF
Kenneth P. Partch

MANAGING EDITOR
Richard DeSanta

SENIOR EDITOR/RESEARCH
David Litwak

SENIOR EDITOR
Mike Duff

EDITORIAL ASSISTANT
Arlette White

ART DIRECTOR
Jerry Tortorella

RESEARCH EDITOR
Nancy Maline

CONTRIBUTING EDITORS
Frank Hammel
Produce: **Barney H. McClure**
Food Prep: **Elaine Reader**
Technology: **Richard Shulman**
Washington: **Ken Rankin**
Store Planning: **David Rogers**
Management: **Jack Cohen**

PUBLISHER
Jeffrey A. Schaeffer

ASSOCIATE PUBLISHER
Carol Fensholt

VICE PRESIDENT
CIRCULATION DIRECTOR
Frank Marino

PRODUCTION DIRECTOR
Gregg Weatherby

MANAGER SUPPORT SYSTEMS
Rachel Crouchelli

ADVERTISING SALES

EAST COAST

REGIONAL
SALES MANAGER
Don Rocco

SALES DEVELOPMENT DIRECTOR
Janet Isenberg

MIDWEST

VICE-PRESIDENT, NATIONAL ACCOUNTS
Dave Wishard

REGIONAL SALES MANAGER
John Sonderegger
1821 Walden Office Sq.
Suite 333
Schaumburg, Ill. 60173
(708) 397-6700

WEST COAST

Sue Marritt
20700 Ventura Blvd., Suite 310
Woodland Hills, Calif. 91364
Phone: (818) 340-4666
Fax: (818) 346-9700

VICE PRESIDENTS
Carol Fensholt
Kenneth P. Partch

VICE PRESIDENT-ADMINISTRATION
Catherine Cahill

CORPORATE OFFICERS: HOWFREY COMMUNICATIONS, INC.

CHAIRMAN & CEO
Jeffrey A. Schaeffer

PRESIDENT & COO
Howard Ackerman

SUPERMARKET BUSINESS Magazine (ISSN 0196-5700) is published monthly by Howfrey Communications, Inc., 342 Madison Ave., New York, NY 10173. Telephone: 212-867-2350. Circulated free of charge to grocery retailers and wholesalers. U.S. subscriptions $53 per year. Canada, $62 per year. Foreign subscriptions $73 (seamail), $233 (airmail), per year. Single copies $7, except Consumer Expenditures Study (September issue) $32 per copy. (Discount prices available on multiple purchases.)

Copyright © 1992 Howfrey Communications, Inc. All rights reserved. SUPERMARKET BUSINESS is a registered trademark of Supermarket Business Inc.

Second class postage paid at New York, N.Y., and additional mailing offices.

All circulation inquiries to: SUPERMARKET BUSINESS, P.O. Box 175, Winchester, MA 01890.

TRADE PRACTICES: HARD TIMES BRING CHAOS TO THE STRUGGLE FOR POWER

BY KEN PARTCH

After years and years of inflation, with ongoing concentration among distributors and manufacturers, basic questions about the marketplace are being asked: Who shall lead, and who shall follow? Brand marketers want control of their brands. Supermarket operators say: We've got control, don't tell us how to run our business.

What's actually happening in the marketplace? Are price cuts being passed along? Are deals being passed along? How can operators deal with deflation?

To gain an idea of what is happening in the marketplace, SUPERMARKET BUSINESS conducted price comparisons in five markets. There are some notable surprises in terms of new price leaders, and old leaders who no longer lead. Prices of specific products vary wildly. Some operators can be both the price leader and the price follower in the same market. We may have some multi-division companies that are buying centrally, but they are certainly not pricing accordingly.

Can supermarkets deal with declining prices?

Traditionally, the supermarket industry has been murderously price competitive. But also, traditionally, depending upon the market, it has gone through periods where it was only seemingly tough price-competitive.

This price competitiveness game was often played by observable but unspoken rules. One of the rules was that there should be periods of time when established players could breath a little easier, and all make some money. From time to time, if you listened carefully, one of the market leaders would actually make an announcement along these lines in a kind of plea for "sensibleness," or some such word.

> ***There's quite a lot of new jockeying for price position in some markets. The price leader you knew may no longer be the leader.***

If you were listening carefully at a recent security analysts meeting in New York, you might have heard one CEO remark how retailers were getting back to more "realistic" pricing "after vicious price competition during much of 1991."

In the decade of the eighties, for the first time in many years, operators were trying out new formats, sometimes far from their traditional market areas. Sometimes, as with Cub, Super Valu did succeed in establishing new bridgeheads and new markets, or increased share in traditional markets. Others, such as Grand Union of New Jersey with its Basics, shook up far-away markets in Florida and Virginia, only to crash and burn after awakening tough competitors such as Giant Food, and Wakefern and Pathmark in its home market.

Today, there are few rules to the game. Mergers and acquisitions have made everyone a potential competitor of everyone else. Sometimes it is your former competitor who is suddenly in a position to examine your black books, or even your balance sheets. Your closest market competitor is suddenly owned and operated by a company from the other side of the continent, or of the world. No more do we have market leaders who can hold up the umbrella of gross margins (so to speak) for all to operate comfortably underneath.

And so it is beginning to happen in the traditional buyer-seller relationship. For many years, perhaps too many, most operating problems of retailers and wholesalers were obscured by continuous inflation. Price increases became a way of life. Price increases could cover a multitude of problems for both manufacturers and distributors. The industry became geared to price increases. Consumers became inured to price increases.

If there was no actual inflation, the industry discovered it could create its own through artificially created "peaks" and "valleys" through heavy promotions, unencumbered deals, unlimited deal buys, diverting, forward buying, and end-of-promotion buy-ins. These artificial windfalls altered the basic economics of supermarket operation, and all of marketing.

Suddenly—hard times. Many had warned that the lavish spending could not last forever; that manufacturers would pull back; that the lavish promotion money would dry up; that the gravy train would come to an end. But few thought that it would all end—cold turkey. Of course it hasn't all ended, and there are still some easy-riders in the marketplace.

But those giant-sized acquisitions of well-known brands are not proving to be the easy-money makers many expected. With a deep and prolonged recession, consumers are cutting back on everything. Price increases are not so easily passed along. During 1991, many brand manufacturers cut back severely on brand advertising, hoping to make it through consumer promotion and sales promotion.

But that, too, can prove to be a will-o'-the-wisp. There is no cheap or easy way to build long-range share of market. Other brand marketers intend to increase consumer advertising substantially in 1992. Some would like to cut prices and deals, and return to some form of EDLP.

The battle is joined.

That's the supermarket climate, then. A disenchanted manufacturer says: "I want to market my products my way. If I want to cut the price and cut the promotions, don't tell me I can't." A disgruntled retailer says: "You got me into this, and you can't just shut off the faucet—not now. It's my store and my real estate." The consumer says: "If you don't give me what I want, when I want it, I'll go to the club, or to any alternative outlet. And I'll buy whatever is on sale, or has the biggest discount, or the largest coupon offer." The battle is joined.

But what is really happening out there? Is competition really as tough as people say it is? Haven't all the years of inflation and price increases created a pretty "loosey-goosey" situation? Isn't there an awful lot of slack in the system? After all, a lot of companies seem to be paying down those enormous debts from those LBOs, and still paying dividends. What's the real story?

To get some idea of the real story, SUPERMARKET BUSINESS decided to sample the air out there. We decided to run price checks in five different markets across the country. It's not a scientific sample, and we don't claim it to be. But it is a price list that we have used for a number of years, and we've never missed in finding the price leader in a market; nor who is no longer the price leader and who makes no attempt at being price conscious.

Sometimes the price leader is just whom you expected it to be, and sometimes it's not. One of the biggest surprises is that some markets are as low-priced as they are, and that some markets are not as low-priced as you might have expected.

But remember, this is a marketing climate, today, where distributors are saying to manufacturers, "If you have a deal running in Texas or Florida, and my stores are in New Jersey, I still want to know about it, and I had better know about it."

Let's crank up our imaginative corporate jet, and head out. Let's start in New England and work our way South and West. In West Springfield, Mass., where the recession has hit hard, we were somewhat surprised to learn that Finast's Edwards was once again the price leader, and a distinct price leader. There was a time when Stop & Shop would not have allowed that to happen. And guess who is next? Waldbaum's Food Mart, which is owned by A&P, with A&P also in the market, but with higher prices.

And how are the prices in general? They're pretty good. West Springfield turned out to be the second lowest-priced market studied for identical products in all markets.

Payroll costs and rent do not explain lower prices in West Springfield. A&P, Waldbaum's Food Mart and Stop & Shop are union organized, while Big Y and Edwards are not. Lack of a union contract does not necessarily mean lower operating costs, but it can mean advantages in work practices and in ratios of full-time workers to part-timers, and fewer work restrictions.

A full-time cashier or clerk, according to the Springfield local of the UFCW, earns $12.05 to $16.25 per hour. Mean rent for existing stores in New England, according to Food Marketing Institute, is $6.82 per sq. ft. For new stores, it is $13.17. Median payroll costs, according to FMI, are $8.74 per labor hour.

The shift in market power changed the rules of the game.

Edwards (Finast) is the price leader in West Springfield with an 11 percent spread between it and the highest-priced retailer, A&P, for 42 like items. Times have changed for Stop & Shop, who once took on all comers in its markets, including the once high-riding super warehouse stores. Stop & Shop, which recently went public once again, is now priced right in the middle. Apparently, the company is confident that it will keep its market share without being the price leader.

Moving West over to New York State and South to Rockland County, near New York City, we come to the second most expensive market for like items. Here, the labor cost is relatively high, at $15 per labor hour for a journeyman clerk, and a rental cost that can run to $15 per sq. ft., and more, according to local estimates. There is a two-tier hourly labor rate in Rockland County.

There were a couple of surprises in the Rockland County market. Grand Union turned out to be the price leader for 48 like items, while the traditionally low-priced Pathmark was second highest priced, just below the A&P Future Store. The LBO must be taking its toll on the Pathmark image. Just above Grand Union was ShopRite, but not by a significant amount.

Looking at prices of some specific items, we find some very

West Springfield, Massachusetts

COMPARATIVE PRICE LIST MARCH 5, 1992

	Waldbaum's Food Mart	Edwards (Finast)	A & P	Big Y	Stop & Shop
One Head Iceberg Lettuce	$ .99	$ .99	$ .89	$ .59	$ .99
Bananas (Branded - 1 lb.)	.59	.59	.59	.69	.33
Kellogg's Corn Flakes (18 oz.)	1.79	1.88*	1.99	1.99	1.85
Rice Krispies (13 oz.)	2.29	2.29	2.29	2.29	2.29
Pepperidge Farm White (1 lb.)	1.69	1.69	1.69	1.69	1.69
Sunbeam White Bread (1 lb. 6 oz.)	1.09	1.09	1.09	1.09	1.09
Thomas English Muffins (6 pack)	1.69	1.69	1.69	1.69	1.69
Kahn's Jumbo Franks (1 lb.)	2.19	2.69	2.39	2.79	2.99
Oscar Mayer Sliced Bologna (8 oz.)	1.59	1.59	1.69	1.59	1.49
Oscar Mayer Sliced Bacon (1 lb.)	1.49	2.69	2.54*	2.99	2.99
Local Brand Fryer Breasts (price per lb.)	2.55	2.09	2.60*	2.79	2.99
Chicken of the Sea Chunk Light Tuna (6 1/2 oz.)	.79	.44	.83	.79	.79
Mueller's Spaghetti (16 oz.)	.59	.59	.79	.99	.59
Kraft American Singles (16 oz.)	2.99	1.99	3.29	3.29	3.29
Whole Milk (Private Label, 1 gal.)	2.49	2.35	2.39	2.39	2.39
Parkay Margarine (Sticks, 1 lb.)	.75	.40	.89	.69	.75
Butter (Private Label, 1 lb.)	1.50	1.50	1.79	1.69	1.49
Land o' Lakes Butter (light salt, 1 lb.)	1.79	1.79	1.99	1.79	1.79
Eggs (Private Label, Lg., White, 1 dozen)	.79	.88	.99	.99	1.25
Minute Maid Orange Juice (frozen, 12 oz.)	1.49	.99	1.75	1.79	1.49
Stouffer's Lean Cuisine Glazed Chicken	2.79	2.79	3.19	2.99	2.94*
Birds Eye Frozen Peas (10 oz.)	.84	.67	.89	.89	.89
Campbell's Tomato Soup (10 3/4 oz.) .	.45	.40	.45	.49	.40
Skippy Peanut Butter (Creamy 18 oz.)	2.39	2.29	2.69	2.39	1.79
Welch's Grape Jelly (32 oz.)	1.49	1.49	1.99	1.85	1.89
Hellmann's Mayonnaise (1 qt.)	2.19	2.19	2.39	2.19	2.29
Heinz Ketchup (14 oz.)	.85	.85	.85	.95	.85
Tide Ultra Powder (42 oz.)	4.29	4.29	4.59	4.34	4.29
Bounty Towels (Lg. roll, 60 sq. ft.)	.79	.85	.89	.83	.85
Saran Wrap (50 sq. ft.)	1.55	1.59	1.59	1.69	1.59
Stayfree Maxi Pads (24 ct.)	2.99	2.99	2.99*	2.99	2.99
Fritos Corn Chips (11 1/2 oz.)	1.99	1.99	1.99	1.99	1.99
Crest Toothpaste (Gel, 6.4 oz. tube)	2.49	2.34	2.49	2.49	2.49
Nabisco Oreos (20 oz.)	2.50	2.50	2.50	2.49	1.99
Pepsi (2 liter)	1.39	1.29	1.19	.97	.99
Coke (2 liter)	1.39	.98	1.19	1.59	.99
Diet Pepsi (2 liter)	1.39	1.29	1.19	.97	.99
Diet Coke (2 liter)	1.39	.98	1.19	1.59	.99
Maxwell House Coffee (reg. grind, 13 oz.)	2.59	2.39	2.79	2.59	2.59
Lipton Tea Bags (100 ct.)	2.49	1.99	2.75	2.49	2.59
Domino Sugar (Reg. granulated, 5 lb.)	1.99	2.09	2.19	2.09	2.09*
Ground Chuck (USDA choice, 1 lb.)	1.99	1.99	2.19	1.99	1.89
TOTAL (42 items)	**$73.35**	**$70.44**	**$78.33**	**$74.86**	**$74.58**

* Item not available. Price based on average of other stores in area.

Suddenly, we have hard times. Brand marketers want to get back to consumer advertising.

strange anomalies. While Kraft American Singles (16-oz.) are priced as low as $1.99 at Edwards in Springfield. in Rockland they sell(?) at ShopRite and A&P at $4.78 and $4.79, respectively. On the other hand, Tide (Ultra, 42 oz.) is priced at $4.79 at Pathmark and A&P, and at $3.29 at Grand Union. Not many observers are aware that Grand Union is playing such hard ball, while it searches for a new owner.

Continuing our market tour, and dipping down to North Carolina, we drop into the

Rockland County, New York

COMPARATIVE PRICE LIST FEBRUARY 15, 1992

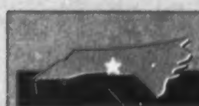
	Pathmark	Grand Union	A & P Future Store	ShopRite	Waldbaum's
One Head Iceberg Lettuce	$ .99	$ .99	$ .99	$ .59	$ .99
Bananas (Branded - 1 lb.)	.89	.59	.89	.25	.59
Oranges (12 ct)	2.79	1.99	2.69	2.49	2.99
Kellogg's Corn Flakes (12 oz.)	1.89	1.59	1.89	1.59	1.69
Rice Krispies (10 oz.)	1.99	1.99	1.99	1.99	2.09
Pepperidge Farm White (1 lb.)	1.69	1.69	1.69	1.69	1.69
Wonder White Bread (1 lb. 4 oz.)	.99	.99	.99	.99	.99
Thomas English Muffins (5 pack)	1.69	1.69	1.69	1.69	1.69
Entenmann's Louisiana Crunch Cake	3.59	3.44*	3.29	3.59	3.29
Oscar Mayer Jumbo Franks (1 lb.)	3.19	3.19	3.29	2.89	3.14*
Oscar Mayer Sliced Bologna (8 oz.)	1.79	1.74*	1.69	1.69	1.79
Oscar Mayer Sliced Bacon (1 lb.)	3.29	3.49	3.19	2.99	1.59
Local Brand Fryer Breasts (price per lb.)	1.49	1.69	1.89	1.69	.99
Chicken of the Sea Chunk Light Tuna (6 1/2 oz.)	.79	.50	.69	.69	.99
Mueller's Spaghetti (16 oz.)	.89	.50	.74*	.79	.79
Ragu Spaghetti Sauce (14 oz.)	1.29	1.29	1.29	1.29	1.29
Prego Spaghetti Sauce w/Mushrooms (14 oz.)	1.32*	1.29	1.29	1.29	1.39
Kraft American Singles (16 oz.)	3.89	3.89	4.79	4.78	4.39
Whole Milk (Private Label, 1 gal.)	2.29	2.59	2.82	2.56	2.14
Parkay Margarine (Sticks, 1 lb.)	.59	.89	.89	.89	.89
Butter (Private Label, 1 lb.)	1.89	1.95	1.95	1.89	2.05
Land o' Lakes Butter (light salt, 1 lb.)	2.39	2.29	2.39	2.29	2.49
Eggs (Private Label, Lg., White, 1 dozen)	1.59	1.39	1.29	.99	1.29
Minute Maid Orange Juice (frozen, 12 oz.)	2.29	1.50	2.29	2.29	2.39
Stouffer's Lean Cuisine Glazed Chicken	3.19	2.50	3.19	3.19	3.19
Birds Eye Frozen Peas (10 oz.)	.84*	.89	.89	.89	.69
Ellio's Cheese Pizza (frozen, 1 lb.)	2.99	2.99	2.84*	2.99	2.39
Campbell's Tomato Soup (10 3/4 oz.)	.39	.37	.37	.37	.49
Skippy Peanut Butter (Creamy 18 oz.)	2.59	2.59	2.59	2.59	2.69
Welch's Grape Jelly (32 oz.)	2.19	2.99	1.99	1.99	2.29
Hellmann's Mayonnaise (1 qt.)	2.39	2.39	2.39	2.35	2.49
Heinz Ketchup (14 oz.)	.89	.75	.75	.75	1.09
Tide Ultra Powder (42 oz.)	4.79	3.29	4.79	4.29	4.79
Bounty Towels (Lg. roll, 60 sq. ft.)	.89	.99	.99	.99	1.09
Saran Wrap (50 sq. ft.)	1.59	1.59	1.62*	1.59	1.69
Stayfree Maxi Pads (24 ct.)	2.99	2.99	2.99	2.99	2.99
Doritos Nacho Cheese Corn Chips (15 oz.)	2.49	2.69	2.69	2.64*	2.69
Crest Toothpaste (Gel, 6.4 oz. tube)	2.29	1.99	2.29	2.29	2.29
Nabisco Oreos (20 oz.)	3.19	3.19	3.19	2.69	3.19
Pepsi (2 liter)	1.39	1.49	1.69	1.49	1.29
Coke (2 liter)	.99	1.49	1.49	1.39	1.39
Diet Pepsi (2 liter)	1.39	1.49	1.69	1.49	1.29
Diet Coke (2 liter)	.99	1.49	1.49	1.39	1.39
Maxwell House Coffee (reg. grind, 13 oz.)	1.99	1.99	2.29	1.99	1.99
Lipton Tea Bags (100 ct.)	2.79	1.99	2.49	1.99	2.99
Sugar (Reg. granulated, 5 lbs.)	1.99	1.97*	1.89	1.99	1.99
Ground Chuck (USDA choice, 1 lb.)	1.89	1.99	2.39	2.09	1.69
Barbasol Shave Cream (11 oz.)	1.39	1.29	[illegible]	1.09	1.29
TOTAL (48 items)	$93.40	$90.64	$95.67	$91.38	$92.98

* Item not available. Price based on average of other stores surveyed.

The guy you thought was a tough competitor now looks like a pussycat. The LBO has him all tied in knots, and he can't move.

Charlotte market. Here, we can have a look at another A&P division. We have Bi-Lo, another Ahold member (along with Finast), and the formidable Food Lion. Food Lion is the leader in a walk, with Bi-Lo and Winn-Dixie all but tied for second place.

While labor costs in Charlotte are said to run between $6.50 and $7.00 per hour for a cashier, rental costs average between $5.80 for new stores, according to FMI, and $4.66 for existing stores, depending upon store size and location. But since almost nobody



Charlotte, North Carolina

COMPARATIVE PRICE LIST FEBRUARY 15, 1992

	Harris-Teeter	Food Lion	A & P Sav-A-Center	Bi-Lo	Winn-Dixie
One Head Iceberg Lettuce	$.89	$.29	$.99	$.99	$.89
Bananas (Branded - 1 lb.)	.59	.59	.59	.59	.59
Kellogg's Corn Flakes (18 oz.)	1.50	1.69	1.79	1.79	1.69
Rice Krispies (10 oz.)	2.25	2.25	2.25	3.14	2.25
Sunbeam White Bread (1 lb. 4 oz.)	1.29	1.14	1.19	1.05	1.15
Thomas English Muffins (6 pack)	1.69	1.89	1.69	1.69	1.69
Oscar Mayer Sliced Balogna (8 oz.)	2.29	1.59	1.79	1.65	1.59
Oscar Mayer Sliced Bacon (1 lb.)	2.99	2.59	2.79	2.79	2.99
Local Brand Fryer Breasts (price per lb.)	2.69	1.89	2.29	1.99	2.29
Jimmy Dean Sausage (12 oz.)	1.99	1.99	2.79	2.29	2.58
Chicken of the Sea Chunk Light Tuna (6 1/2 oz.)	.59	.59	.59	.59	.59
Mueller's Spaghetti (16 oz.)	.69	.69	.69	.69	.59
Ragu Spaghetti Sauce (14 oz.)	1.17	1.17	1.17	1.19	1.17
Kraft American Singles (16 oz.)	2.89	2.89	2.89	2.77	2.49
Whole Milk (Private Label, 1 gal.)	2.39	2.39	2.89	2.39	2.39
Parkay Margarine (Sticks, 1 lb.)	.55	.50	.55	.55	.55
Butter (Private Label, 1 lb.)	1.16	1.35	1.35	1.35	1.35
Land o' Lakes Butter (light salt, 1 lb.)	1.50	1.69	1.69	1.79	1.69
Eggs (Private Label, Lg., White, 1 dozen)	.87	.89	.79	.85	.87
Minute Maid Orange Juice (frozen, 12 oz.)	1.29	1.29	1.29	1.29	1.79
Green Giant Frozen Peas (16 oz.)	1.89	.99	1.79	1.69	1.59*
Stouffer's Lean Cuisine Glazed Chicken	2.29	2.29	2.69	1.99	2.29
Green Giant Green Beans (Canned, 14 1/2 oz.)	.50	.50	.43	.50	.50
Birds Eye Frozen Peas (10 oz.)	1.29	.99	.85	.99	.99
Jeno's Pepperoni Pizza (frozen, 7.4 oz.)	1.02*	.99	.99	.99	1.09
Campbell's Tomato Soup (10 3/4 oz.)	.39	.39	.39	.39	.39
Peter Pan Peanut Butter (Creamy 18 oz.)	1.89*	1.89	1.89	1.89	1.82
Welch's Grape Jelly (32 oz.)	1.39	1.39	1.39	1.39	1.29
Hellmann's Mayonnaise (1 qt.)	2.29	2.29	2.29	2.29	2.29
Heinz Ketchup (14 oz.)	.96	.96	.96	.96	.96
Tide Ultra Powder (42 oz.)	2.99	2.99	2.99	2.99	2.98
Bounty Towels (Lg. roll, 60 sq. ft.)	.79	.79	.79	.79	.79
Saran Wrap (50 sq. ft.)	1.39	1.39	1.49	1.39	1.42*
Stayfree Maxi Pads (24 ct.)	2.69	2.79	2.76*	2.79	2.78
Doritos Nacho Cheese Corn Chips (9.5 oz.)	1.99	1.99	1.99	1.89	1.89
Crest Toothpaste (Gel, 6.4 oz. tube)	1.99	1.99	1.99	1.99	1.99
Nabisco Oreos (20 oz.)	3.09	3.03	3.09	2.99	2.99
Pepsi (2 liter)	1.09	1.29	.99	.99	1.29
Coke (2 liter)	1.39	1.29	1.39	1.29	1.29
Diet Pepsi (2 liter)	1.09	1.29	.99	.99	1.29
Diet Coke (2 liter)	1.39	1.29	1.39	1.29	1.29
Maxwell House Coffee (reg. grind, 13 oz.)	1.89	1.89	1.89	1.89	1.89
Lipton Tea Bags (100 ct.)	2.89	2.89	2.89	2.89	2.89
Sugar (Reg. granulated, 5 lb.)	1.99	1.99	1.99	1.99	1.99
Ground Chuck (USDA choice, 1 lb.)	2.09	2.29	2.19	2.29	1.78
Barbasol Shave Cream (11 oz.)	1.19	1.19	.79	1.19	1.19
TOTAL (46 items)	**$75.42**	**$72.42**	**$74.44**	**$74.15**	**$74.14**

* Item not available. Price based on average of other stores in area.

Consumers complain that they don't know the regular price of anything.

Detroit, Michigan

COMPARATIVE PRICE LIST FEBRUARY 15, 1992

	Meijer	Farmer Jack	A & P	Kroger
One Head Iceberg Lettuce	$ .79	$ .99	$ .29	$ .99
Bananas (Branded - 1 lb.)	.49	.49	.49	.49
Oranges (4 lb.)	1.99	1.77	1.99	1.92
Kellogg's Corn Flakes (18 oz.)	1.58	2.05	2.05	1.99
Rice Krispies (13 oz.)	2.39	2.39	2.39	2.33
Pepperidge Farm White (1 lb.)	1.99	1.99	1.99	1.99
Koeplingers White Bread (1 lb. 4 oz.)	1.39	1.39	1.39	1.39
Thomas English Muffins (6 pack)	1.69	1.69	1.69	1.69
Entenmann's Louisiana Crunch Cake	3.59*	3.59	3.59	3.59
Ball Park Jumbo Franks (1 lb.)	2.59	2.39	2.39	2.49
Oscar Mayer Sliced Bologna (12 oz.)	1.99	1.89	2.49	2.29
Oscar Mayer Sliced Bacon (1 lb.)	2.99	2.99	2.99	2.99
Local Brand Fryer Breasts (price per lb.)	1.99	2.99	2.99	2.39
Jimmy Dean Sausage (12 oz.)	2.69	2.69	2.59	2.79
Chicken of the Sea Chunk Light Tuna (6 1/2 oz.)	.89	.89	.89	.75
Mueller's Spaghetti (16 oz.)	.98	.99	.89	.95
Ragu Mushroom Sauce (14 oz.)	1.29	1.28	1.28	1.28
Prego Spaghetti Sauce w/Mushrooms (30 oz.)	2.09	2.09	2.09	1.79
Kraft American Singles (16 oz.)	2.39	2.39	2.39	2.19
Whole Milk (Private Label, 1 gal.)	2.39	2.39	2.39	2.90
Parkay Margarine (Sticks, 1 lb.)	.79	.59	.59	.89
Butter (Private Label, 1 lb.)	1.88	1.79	1.69	1.69
Land o' Lakes Butter (light salt, 1 lb.)	1.99	2.09	2.09	1.99
Eggs (Private Label, Lg., White, 1 dozen)	.73	.85	.83	.99
Minute Maid Orange Juice (frozen, 12 oz.)	1.49	1.39	1.39	1.79
Green Giant Frozen Peas (16 oz.)	1.28	1.28	1.28	1.19
Stouffer's Lean Cuisine Glazed Chicken	2.79	2.79	2.50	2.79
Green Giant Canned Green Beans (14.5 oz.)	.57	.59	.59	.65
Birds Eye Frozen Peas (10 oz.)	1.37	1.27	1.49	1.39
Jeno's Cheese Pizza (frozen, 7.6 oz.)	1.39	1.39	1.39	1.29
Campbell's Tomato Soup (10 3/4 oz.)	.45	.45	.45	.45
Skippy Peanut Butter (Creamy 18 oz.)	2.49	2.77	2.77	2.49
Welch's Grape Jelly (32 oz.)	1.77	1.77	1.77	1.99
Hellmann's Mayonnaise (1 qt.)	2.39	2.43	2.39	2.29
Heinz Ketchup (14 oz.)	1.09	1.09	1.09	1.09
Tide Ultra Powder (42 oz.)	4.38	4.38	4.38	4.39
Bounty Towels (Lg. roll, 60 sq. ft.)	.99	.99	.99	.99
Saran Wrap (100 sq. ft.)	2.69	2.29	2.69	2.79
Stayfree Maxi Pads (24 ct.)	2.99	2.99	2.99	2.99
Doritos Nacho Cheese Corn Chips (15 oz.)	2.99	2.99	2.99	2.99
Crest Toothpaste (Gel, 6.4 oz. tube)	1.79	2.09	1.89	1.89
Nabisco Oreos (20 oz.)	3.19	3.19	3.19	3.09
Pepsi (2 liter)	1.49	1.19	1.49	1.39
Coke (2 liter)	1.49	1.49	1.19	1.39
Diet Pepsi (2 liter)	1.49	1.19	1.49	1.39
Diet Coke (2 liter)	1.49	1.49	1.19	1.39
Maxwell House Coffee (reg. grind, 13 oz.)	2.79	2.89	2.89	2.89
Lipton Tea Bags (100 ct.)	2.99	2.99	2.99	2.99
Domino Sugar (Reg. granulated, 5 lb.)	2.38	2.38	2.38	2.38
Ground Chuck (USDA choice, 1 lb.)	1.99	1.99	1.99	2.19
Barbasol Shave Cream (11 oz.)	.76	1.29	1.29	1.29
TOTAL (51 Items)	**$96.54**	**$97.69**	**$96.58**	**$98.59**

* Item not available. Price based on average of other stores in area.

in the market is unionized, with the exception of a few Kroger stores, everybody is on the same footing. With a total cost for 46 items at Food Lion of $72.42, and others having to shoot at that, Charlotte is the place to buy your groceries. Tide Ultra, priced at $4.79 in Rockland, is priced at $2.99 by everybody in Charlotte.

Moving into the Great Lakes region, Detroit should prove interesting with two more A&P divisions, Kroger and the traditional price leader, Meijer.

The surprise here is that Meijer is not the price leader, although just pennies higher than A&P for 51 like items. A&P appears to be playing both ends. Its Farmer Jack chain, the former price-oriented operator, is now just under the top-priced Kroger, while A&P is right there with Meijer—a good strategy it would seem.

Another surprise here in Detroit is that, with all we have heard about plant closings and layoffs, Detroit is just below Rockland County for like item prices. Although mean rents per sq. ft. for existing stores in the East North Central area average $4.09, and $6.76 for new stores, labor rates are just $10.87 in Detroit, with two-tier contracts, Detroit is hardly a cheap place to shop. Could it be that those labor contract guarantees in the auto industry keep prices up?

Brand marketers taught buyers to wait for the deals. Have we in turn taught consumers to buy only on deep price cuts and double coupons?

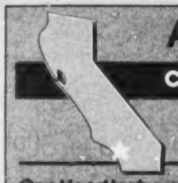
It is easy to see why Meijer is planning to open club formats in this market, since the market would seem ripe for such price competition. Better to have your own clubs in the market than someone else's.

The last market covered in this study is Anaheim, a suburb of Los Angeles. In Anaheim we compared prices for 48 like items in seven different stores. Anaheim was selected because of the traditional "high-low" operators, such as Vons and Ralphs, the traditional price leader, Lucky, and the new interlopers offering everyday low prices, Smith's Food and Drug, and Albertson's. The results were not really surprising, but confirming.

Smith's is far and away the price leader. Albertson's is next lowest, but a lot closer to Lucky and Vons. Vons Pavilion is the highest priced, which comes as no great surprise, except for the wide spread.

As we reboard our corporate jet for the journey back home, let's take stock of what we have learned—or may have learned. Pricing appears to be more chaotic than ever, except in Charlotte, where Food Lion continues to set the pace.

continued on page 48



Anaheim, California

COMPARATIVE PRICE LIST FEBRUARY 15, 1992

	Vons Pavilion	Vons	Hughes	Smith's	Ralphs	Alberhon's	Lucky
One Head Iceberg Lettuce	$ .59	$ .59	$ .69	$ .49	$ .59	$ .79	$ .49
Bananas (Branded - 1 lb.)	.33	.55	.55	.49	.55	.49	.49
Kellogg's Corn Flakes (12 oz.)	1.49	1.86	1.86	1.78	1.89	1.50	1.81
Rice Krispies (13 oz.)	2.33*	2.33*	2.39	2.27	2.49	2.25	2.25
Store Brand White Bread (1 lb. 4 oz.)	4.59	1.09	1.10	1.10	.99	1.09	1.05
Thomas English Muffins (6 pack)	1.69	1.69	1.69	1.44	1.69	1.52	1.52
Ball Park Jumbo Franks (1 lb.)	2.45	1.99	2.49	2.39	2.57	2.89	2.46
Oscar Mayer Sliced Bologna (12 oz.)	1.19	1.61	1.69	1.59	1.57	1.49	1.57
Oscar Mayer Sliced Bacon (1 lb.)	2.19	2.89	2.79	3.19	2.79	2.88	2.59
Local Brand Chicken Cutlets (price per lb.)	4.59	4.29	4.69	4.98	4.39	3.69	2.99
Jimmy Dean Sausage (12 oz.)	2.19	2.19	2.29	2.29	1.69	1.99	2.29
Chicken of the Sea Chunk Light Tuna (6 1/8 oz.)	.73	.73	.59	.49	.71	.65	.65
A-1 Spaghetti (16 oz.)	1.09	1.03	1.05	.97	1.05	.99	.93
Ragu Mushroom Sauce (14 oz.)	1.45	1.29	1.39	1.29	1.39	1.25	1.35
Prego Spaghetti Sauce w/Mushrooms (14 oz.)	1.45	1.39	1.29	1.25	1.35	1.35*	1.27
Kraft American Singles (16 oz.)	3.65	2.79	3.59	3.69	3.77	2.99	3.55
Whole Milk (Private Label, 1 gal.)	2.61	2.68	2.68	2.29	2.55	2.51	2.33
Parkay Margarine (Sticks, 1 lb.)	.99	.87	.79	.59	.85	.69	.59
Butter (Private Label, 1 lb.)	2.39	2.59	2.09	2.07	2.49	2.29	2.44
Land o' Lakes Butter (light salt, 1 lb.)	2.65	1.99	2.45	1.89	2.45	1.99	2.30
Eggs (Private Label, Lg., White, 1 dozen)	1.89	.89	2.19	.99	1.91	1.68	1.75
Minute Maid Orange Juice (frozen, 12 oz.)	2.09	1.79	1.79	1.79	1.99	1.79	1.79
Green Giant Frozen Peas (16 oz.)	1.71*	1.71*	1.49	1.49	1.99	1.79	1.29
Stouffer's Lean Cuisine Glazed Chicken	3.09	2.99	2.99	2.97	2.99	2.89	2.94
Green Giant Canned Green Beans (14.5 oz.)	.60*	.69	.45	.53	.59	.68	.59
Birds Eye Frozen Peas (16 oz.)	1.13*	.85	1.19	.79	1.19	1.37	1.57
Jeno's Cheese Pizza (frozen, 7.4 oz.)	1.29	1.09	1.46	.79	1.24*	1.37	1.44
Campbell's Tomato Soup (10 3/4 oz.)	.40	.40	.39	.39	.52	.44	.44
Skippy Peanut Butter (Creamy, 18 oz.)	2.89	1.99	2.19	2.09	2.55	2.09	2.47
Welch's Grape Jelly (32 oz.)	2.15	2.15	2.09	1.97	1.99	2.05	2.05
Hellmann's Mayonnaise (1 qt.)	2.39	2.39	2.39	2.33	2.39	2.59	2.36
Heinz Ketchup (14 oz.)	1.09	.99	.99	.84	.89	.89	.83
Tide Ultra Powder (42 oz.)	4.21*	3.98	4.39	3.89	4.35	4.36	4.31
Bounty Towels (Lg. roll, 60 sq. ft.)	1.09	.99	.99	.79	.79	.89	.79
Saran Wrap (100 sq. ft.)	2.75	2.89	2.79	2.39	1.79	1.79	2.79
Stayfree Maxi Pads (24 ct.)	2.92	2.99	2.99	2.99	2.94*	2.99	2.73
Doritos Nacho Cheese Corn Chips (15 oz.)	2.73*	2.59	1.99	2.69	2.99	2.84	2.85
Crest Toothpaste (Gel, 6.4 oz. tube)	2.36	2.19	2.69	2.09	1.69	2.19	2.19
Nabisco Oreos (20 oz.)	3.19	3.19	3.19	2.69	3.15	2.99	2.99
Pepsi (2 liter)	1.29	1.29	1.19	1.19	.99	1.19	1.29
Coke (2 liter)	1.29	1.29	1.19	1.09	1.29	1.19	1.29
Diet Pepsi (2 liter)	1.29	1.29	1.19	1.19	.99	1.19	1.29
Diet Coke (2 liter)	1.29	1.29	1.19	1.09	1.29	1.19	1.29
Maxwell House Coffee (reg. grind, 13 oz.)	2.15	2.39	1.79	1.95	1.99	2.19	2.19
Lipton Tea Bags (100 ct.)	3.59	3.39	2.99	2.59	3.39	3.19	3.22
Sugar (Reg. granulated, 5 lb.)	1.79	1.79	1.79	1.75	1.79	1.79	1.79
Ground Chuck (USDA choice, 1 lb.)	2.19	2.19	3.59	2.08	1.99	2.69	2.99
Barbasol Shave Cream (11 oz.)	1.45	1.19	1.29	1.27	1.15	1.29	1.27
TOTAL (48 Items)	$95.48	$89.45	$92.86	$85.24	$90.63	$88.67	$89.50

* Item not available. Price based on average of other stores in area.

Like many brands, some supermarkets are living off past reputations

With prices this chaotic, what is the impact of the Sunday roto, the coupon supplements and freestanding inserts? As a consumer, if the deals don't run at the same time, should I save my coupons for the deals? Should I do all my coupon shopping at the lowest-priced store and cherry pick the others?

Is it too late for marketers to regain control of brand marketing? Can they ever get back to lower prices on anything like a regular basis, with fewer and lower deal offerings? Should we take the time to re-examine the entire marketing system? Perhaps the clubs may force the issue.

THE STRATEGIC SHOPPER

By Laurie Petersen

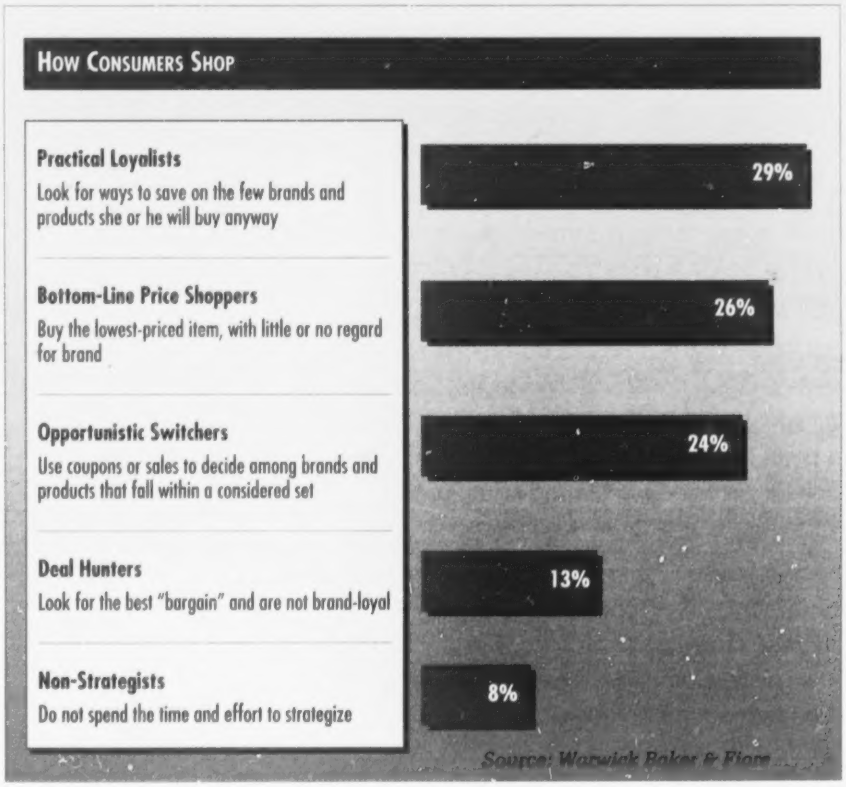
Nine of 10 shoppers hit the store with a specific strategy for saving money. It's not just because of the recession. Marketers and retailers have trained them to do it.

Adam Morris is a college student sharing his first apartment and living on a budget. But he likes to eat meat. So he's come to the Vitale Foodtown in Hoboken, N.J. this Sunday afternoon armed with the weekly sale circular. Blocking cart traffic in the narrow aisles, he stops to read the details of what's a bargain before making his selections.

Morris already has several items in his cart, including a vacuum-packed block of Chock Full o' Nuts coffee, a head of fresh broccoli and a pound of Land o' Lakes soft margarine. He'll save an extra $1.30 on these already-marked-down items by using the manufacturers' coupons printed in the store circular. His choice of brand for these commodity products is always dictated by what's on sale.

Morris also has stocked up on Foodtown private-label bottled water, frozen vegetables, spaghetti, cheddar cheese and cold cuts. The taste, he says, is the same or better than higher-priced brand names.

Morris acquired his habits from a former girlfriend, who used to call him crazy for throwing away the weekly sale circulars for the largest supermarket in-town. He estimates that he saves about $15 a month using coupons, double that if he figures in his bargain-hunting. The money comes in handy for nights out at a local club or movie.



How Consumers Shop

Practical Loyalists
Look for ways to save on the few brands and products she or he will buy anyway

Bottom-Line Price Shoppers
Buy the lowest-priced item, with little or no regard for brand

Opportunistic Switchers
Use coupons or sales to decide among brands and products that fall within a considered set

Deal Hunters
Look for the best "bargain" and are not brand-loyal

Non-Strategists
Do not spend the time and effort to strategize

Source: Warwick Baker & Fiore

Morris is a classic "Opportunistic Switcher," using coupons or sales to decide among brands and products.

A national poll recently conducted for *ADWEEK's MARKETING WEEK* by New York advertising agency Warwick Baker & Fiore found that nine out of 10 shoppers go

continued on page 167

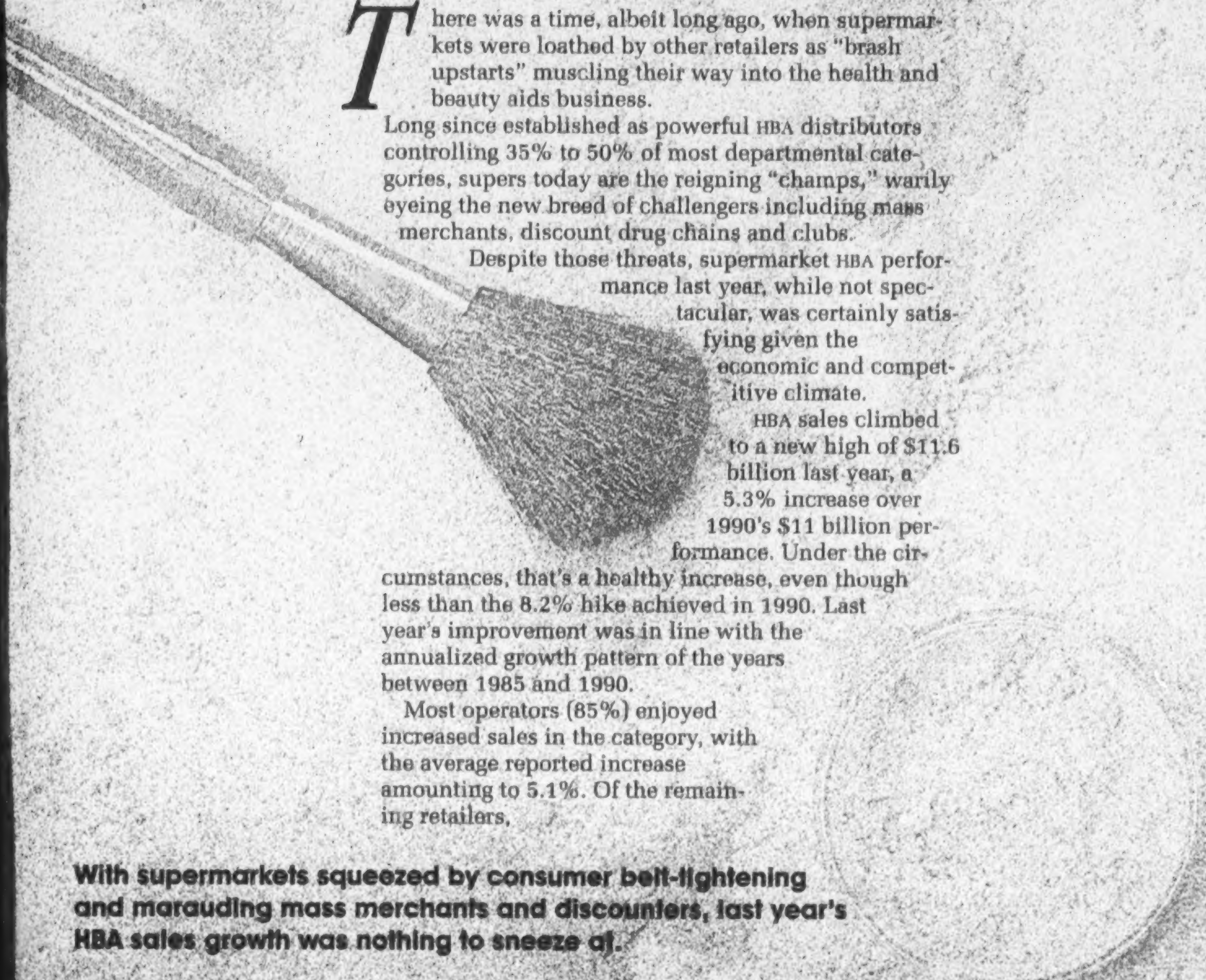
Reprinted permission of ADWEEK

SUPERMARKET BUSINESS

NONFOODSBUSINESS
INSIGHTS FOR MANAGEMENT AND THE GM/HBA SPECIALIST

THIRD ANNUAL HBA OPERATIONS REVIEW

BY DAVID LITWAK AND NANCY MALINE



There was a time, albeit long ago, when supermarkets were loathed by other retailers as "brash upstarts" muscling their way into the health and beauty aids business.

Long since established as powerful HBA distributors controlling 35% to 50% of most departmental categories, supers today are the reigning "champs," warily eyeing the new breed of challengers including mass merchants, discount drug chains and clubs.

Despite those threats, supermarket HBA performance last year, while not spectacular, was certainly satisfying given the economic and competitive climate.

HBA sales climbed to a new high of $11.6 billion last year, a 5.3% increase over 1990's $11 billion performance. Under the circumstances, that's a healthy increase, even though less than the 8.2% hike achieved in 1990. Last year's improvement was in line with the annualized growth pattern of the years between 1985 and 1990.

Most operators (85%) enjoyed increased sales in the category, with the average reported increase amounting to 5.1%. Of the remaining retailers,

With supermarkets squeezed by consumer belt-tightening and marauding mass merchants and discounters, last year's HBA sales growth was nothing to sneeze at.

13% saw no real change in their HBA sales, and only a meager 2% reported that their sales were lower than in 1990.

Average weekly sales of supermarket HBA sections maintained a steady rate of increase in 1991, rising to $7,250 from $6,879 in 1990, a gain of $371 a week. There was a fairly even distribution of weekly sales figures among different operations. Average weekly sales between $6,000 and $6,500 were reported by 25% of respondents, while 31% had average sales ranging from $6,500-$7,000. Twenty-seven percent saw their weekly sales rise to the $7,000 to $7,500 range, and 14% enjoyed sales of better than $7,500 in an average week. The remaining 3% posted HBA sales of less than $6,000 per week.

What's moving?

The HBA department's share of total supermarket sales also increased in 1991, riding up from 4.9% of sales in 1990 to 5.4% last year.

A significant increase in the fortunes of many operators came in the form of higher gross margins. The average departmental gross rose to 29.9% in 1991, which brought in more profit dollars than the 27.3% average margin of just a year before.

Although they have lost a full percentage point of their previous share, OTC drugs and remedies still account for nearly a quarter (23.4%) of the HBA section's sales. The second largest HBA category, hair care, also receded somewhat, dropping to a 13.5% share from 15.7% in 1990.

Moving in the opposite direction from OTCs and hair care were feminine hygiene products, which rose from 8.8% of departmental sales to 10.4% during 1991. Cosmetics and nail care products also advanced to a new high, 7.8%.

Retailers actually doubled the distribution rate of diet aids last year, due in good measure to strong promotional efforts by some of the major vendors in the category. Sales moved to a 3.2% share of the department's

PROFITS AND PRODUCTS

In 1991, the HBA department rebounded from the previous year's distribution rate decline, improving to 5.4% of total store sales from 4.9%. The departmental profit margin continued its upward climb, rising to 29.9% last year from 27.3% in 1990.

Although their share of HBA sales was slightly lower last year than it was in 1990, OTC remedies still represented nearly a quarter of the department's volume, at 23.4%. Sales in about half the categories were either flat or down slightly in 1991, with examples of the latter including hair care (down by 2.2%) and vitamins (off by 1.7%) for the year. Categories posting gains were feminine hygiene, eye care, cosmetics and contraceptives.

Diet aids were big gainers once again, with sales distribution more than doubling to 3.2% from 1.5% in 1990. Teeth whitening products may be a potential hot button within the oral hygiene category, if consumers are willing to go for their relatively high price points.

Share of Total Store Sales

Mean: **5.4%** Median: **5.3%**

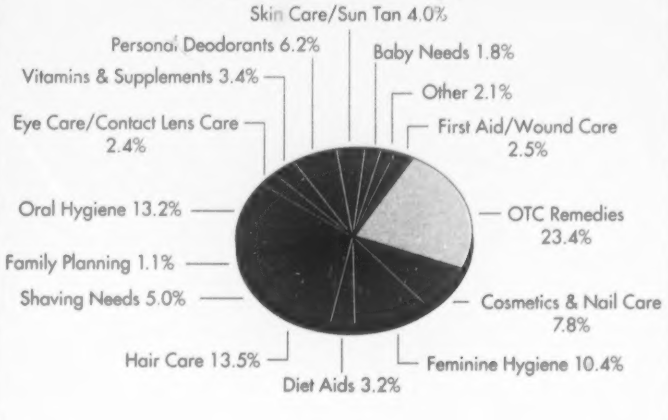
By Store Format	
Conventional	4.0%
Superstore	5.3
Super warehouse store	4.9

Gross Margin

Mean **29.9%** Median: **27.7%**

Less than 20%	8%
20-24	26
25-29	32
30-34	23
35 or more	11
Total	100%

Distribution of HBA Sales



HBA products most frequently added or given increased space		What HBA products will be the hottest of the 1990s?	
-Diet Aids	-Teeth Whiteners	-Diet Aids	-Oral Hygiene

SPACE AND LABOR

With space devoted to the HBA categories up last year, the average department employed one additional part-time employee. This lowered the average weekly sales per linear foot by $1.27, and sales per employee by $288. Although labor increased, the added costs were offset by the fact that fewer operators used service merchandisers (32% in 1991, compared to 41% in 1990).

How Much for Labor?
(Labor as percent of HBA sales)

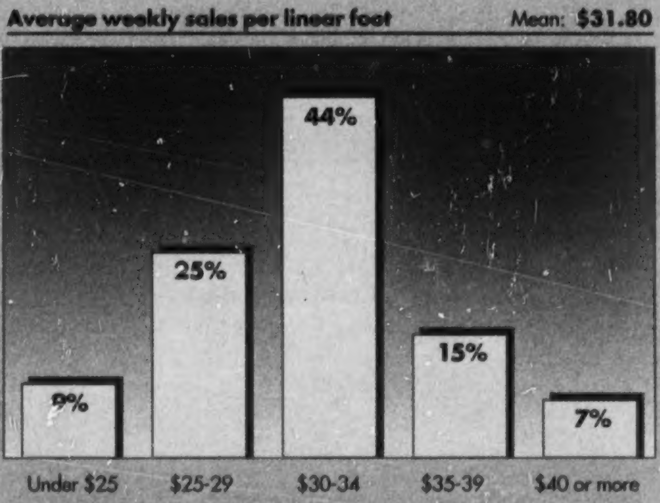
Mean: **4.0%** Median: **4.5%**

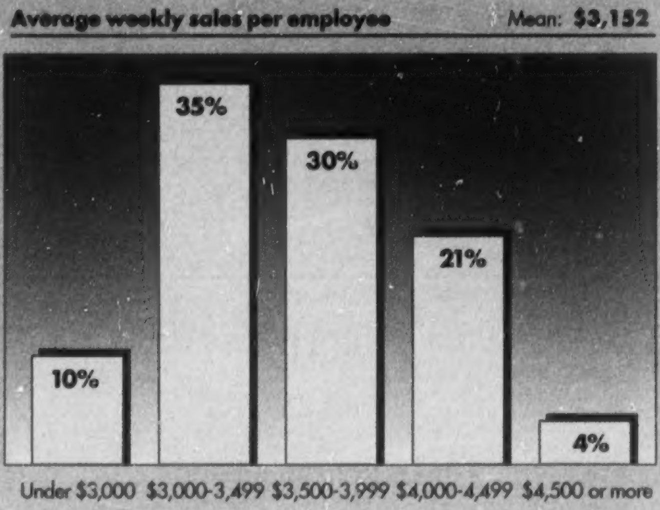
Percent of companies using service merchandisers in at least some of their units: **32%**

Number of Employees

Full-time	1.2
Part-time	2.2
Full-Time Equivalent	2.3

Size of Department		**Size By Store Format**	
Mean:	**228 gondola feet**	Conventional	**173 ft.**
Median:	**241 gondola feet**	Superstore	**315 ft.**
		Super warehouse	**308 ft.**


Average weekly sales per linear foot Mean: **$31.80**


Average weekly sales per employee Mean: **$3,152**

sales from 1.5% between 1990 and 1991.

Retailers predict that the category will continue to be one of the rising stars of the HBA department throughout 1992, given ongoing consumer interest and the introduction of new products. This category has even spawned new products in the frozen foods and grocery sections.

Along with diet aids, operators see continued strong movement of oral hygiene products over the balance of the year. This is due mostly to the introduction of a plethora of teeth-whitening products. The category's major manufacturers have begun marketing the products through supermarkets, whereas many of the items were previously made available only through television offers.

Fad or fact?

It remains to be seen whether the products are fads, or if they will become a solid part of the category. Some will undoubtedly build sales at the expense of standard toothpastes and oral rinses, while others will be bought to complement current toothpastes.

If they are bought to be used in addition to existing toothpastes and rinses, category sales will increase. If they are substituted for currently favored products, sales will still increase because of their generally higher price points, but unit volume in the category would remain constant over time.

Diet aids and the new breed of oral hygiene products are causing such a stir that retailers predict that they will be the two hottest categories of the '90s. Thus it would appear that vanity is leading the way

to innovation in the HBA section, with the two product groups generating more sales excitment than even the latest crop of Rx-to-OTC drug conversions.

Space and labor

The HBA section continues to be the scene of substantial product introduction activity, dominated by such categories as hair care, oral hygiene, nail care and cosmetics. This is complicated further by burgeoning line extensions throughout and the Rx-to-OTC crossovers—in all, a merchandiser's nightmare.

To accommodate the proliferation, operators might be tempted to increase the space allotted to the department. However, it appears that most have not chosen that route, but rather have attempted to be increasingly selective.

The best evidence of this is the very slight increase in the amount of space allocated to the department as a whole. In 1990, the average size of a supermarket HBA section was 208 gondola feet, and that increased by only 20 feet in 1991. Average department sizes by format last year were 173 feet in conventional stores, and 315 feet in superstores.

But as modest as the space increase was, it still outpaced the year's sales growth, resulting in a slight downturn in the department's space productivity. Average weekly sales per linear foot in the HBA department dropped to $31.80 last year from $33.07 in 1990.

The number of employees needed to staff the HBA section increased slightly to the equivalent of 2.3 full time workers, up from the average of two per department in 1990. The increase was reflected in the addition of an average of one part-timer per store to help man the department.

As with the space situation, the modest increase in manpower was enough to overcome the departmental sales increase in terms of labor productivity. On average, labor costs consumed 4% of HBA sales last year, up from 3.8% in 1990. Accordingly, average weekly sales per employee dipped to $3,152, from $3,440 the year before.

Some of the increase in staffing was attributed to curtailed use of service merchandisers in the HBA department. The percentage of retailers using service merchandisers in

It seems that the HBA department has become as much a part of the supermarket landscape as the bread aisle.

HBA sales increased by 5.3% to $11.6 billion last year. Eighty-five percent of operators responding to the survey reported departmental sales gains, with the improvement averaging 5.1%. Only 2% said their HBA sales decreased from 1990 to 1991.

The average supermarket HBA section rang up $7,250 per week last year, an increase of 5% ($371 a week) over 1990 results. Weekly departmental sales of $7,000 or better were achieved by 41% of the companies responding.

Pharmacies, included in only about 17% of supermarkets in 1991, again generated significant sales. The industry's 5,113 instore pharmacies did on average of $13,276 in 1991, an 11.4% increase over the prior year's total.

HBA, Rx Penetration

Number of stores with HBA sections	30,800
Percent of supermarkets	100%
Number of stores with pharmacies	5,113
Percent of supermarkets with pharmacies	16.6%

Pharmacy Sales

Total supermarket pharmacy sales: **$3.53 Billion**
Average weekly sales per pharmacy: **$13,276**

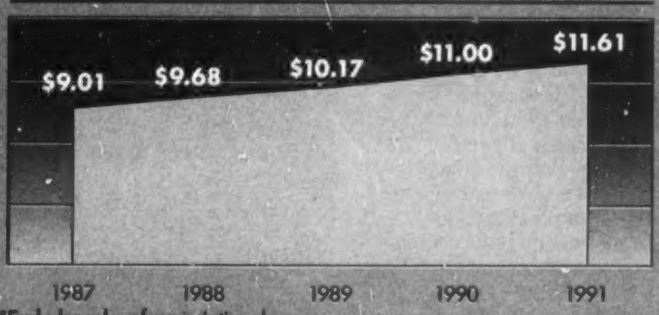
Average Weekly Sales of HBA

Mean: **$7,250** Median: **$7,018**

Average Weekly Sales:

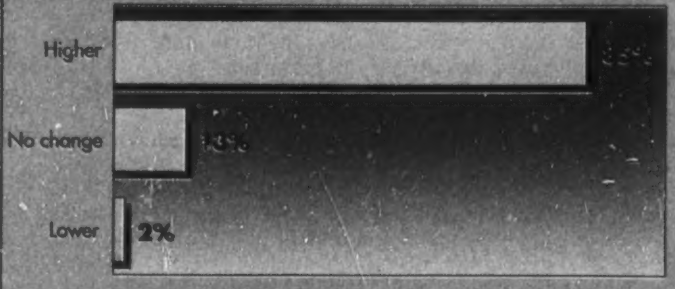
Less than $6,000	3%
$6,001-$6,500	25
$6,501-$7,000	31
$7,001-$7,500	27
$7,501 or more	14
Total	100%

Annual Sales* (billions)



*Excludes sales of prescription drugs

Changes in Dollar Sales (1991 vs 1990)



Average reported increase 5.1%

at least some of their stores declined last year to just 32%.

Despite all manners of buying and merchandising, the most potent stimulant for HBA sales is the marriage of the department with an instore pharmacy.

The nation's supermarkets added 229 instore pharmacies last year, with the total growing to 5,113 from 4,884 in 1990. Pharmacies now operate in 16.6% of supermarkets across the country.

More importantly, pharmacies averaged an annualized sales gain of 16.5%, triple the growth of average sales in HBA sections not mated with Rx departments. And supermarket pharmacies dispensed $3.53 billion in prescription drugs in 1991, compared to $3.03 billion in 1990.

Sales were obviously boosted by the addition of more than 200 departments during the year, but also by the upward spiral of prescription drug prices. Additionally, identical-store pharmacy sales continued to grow, as consumer confidence in supermarket pharmacies permits business to build gradually.

Sales dispensers

In general, the development of a solid pharmacy business, complete with back files for prescriptions and patient profiles, takes several years. Many stores that introduced pharmacies a few years ago are now reaching that level of development, as they continue to pull in new business while servicing existing customers.

Average weekly sales in supermarket pharmacies reached $13,276 in 1991, an 11.4% increase from the 1990 weekly average of $11,917.

Pharmacies and HBA sections definitely complement one another. Seventy-two percent of retailers with pharmacies in at least some of their stores say that HBA sales are higher in those units than in stores without pharmacies.

Of course, there are supermarkets and superstores whose dimensions and/or merchandising thrust enable them to stock and sell HBA products effectively, without the benefits of pharmacy. Nevertheless, retailers with pharmacies prefer to maximize synergy by keeping them close to HBA departments.

In 71.4% of stores with pharmacies, the prescription departments are fully adjacent to the HBA section, while in another 25.6%, they are at least partially adjacent. Only in the remaining 3% of the stores are the two sections reported to be totally separated.

Print power

When it comes to promoting the HBA department, print media remain the vehicles of choice. More than 90 percent of responding retailers use store circulars, newspapers and point-of purchase promotions to trumpet their HBA selections.

Far fewer operators bring their HBA message to the airwaves, with only 35% using television and 37% employing radio spots. Point-of-purchase promotional messages via recorded instore "radio" programs and video set-ups are used by 24% of responding retailers.

All in all, the HBA department performance last year could be described as steady—nothing dramatic, nothing spectacular.

While the data suggests that space and labor have begun to outpace additional sales, these are not extreme changes, and the results may well improve this year, depending upon economic and competitive forces.

The absence of major changes in the operation and performance results of the department underscores the fact that it has become a staple section, well entrenched in the supermarket. ■

Most operators of stores with pharmacies find it beneficial to locate them wholly (71.4%) or at least partially adjacent (25.6%) to the HBA department. Customers appreciate the one-stop convenience offered by this tandem treatment, as evidenced by their HBA purchasing patterns in stores with pharmacies.

Once again in 1991, home care centers made no significant inroads into supermarkets. More than three-quarters of the survey respondents have designated no such sections within their HBA departments.

More companies are taking advantage of the promotional opportunities available to market HBA merchandise. Store circulars, point-of-purchase materials and local newspapers are the media of choice.

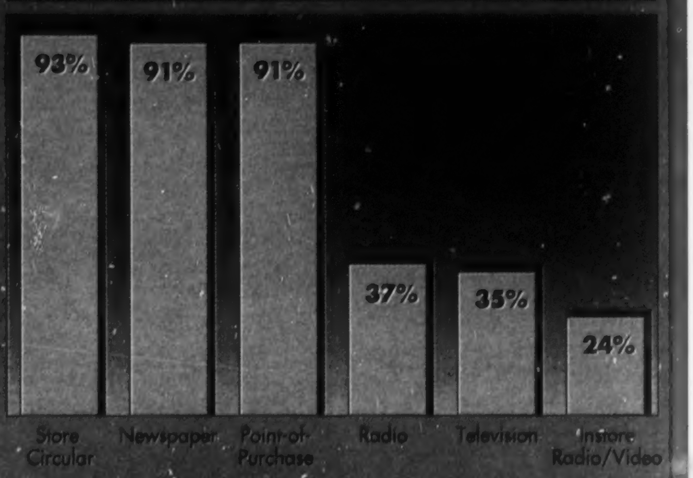
Location of HBA Section

(In stores with pharmacies)	
Adjacent to pharmacy	71.4%
Partially adjacent	25.6
Away from pharmacy	3.0
Total	100%

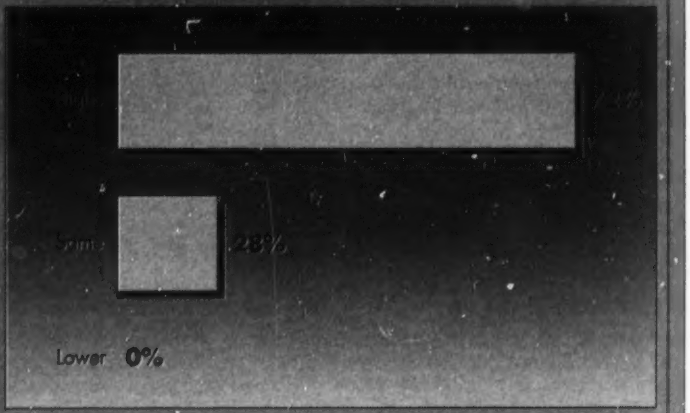
Home Care Section

(percent of companies having a separate section)	
None	79%
In some stores	21
Total	100%

Advertising and Promotion



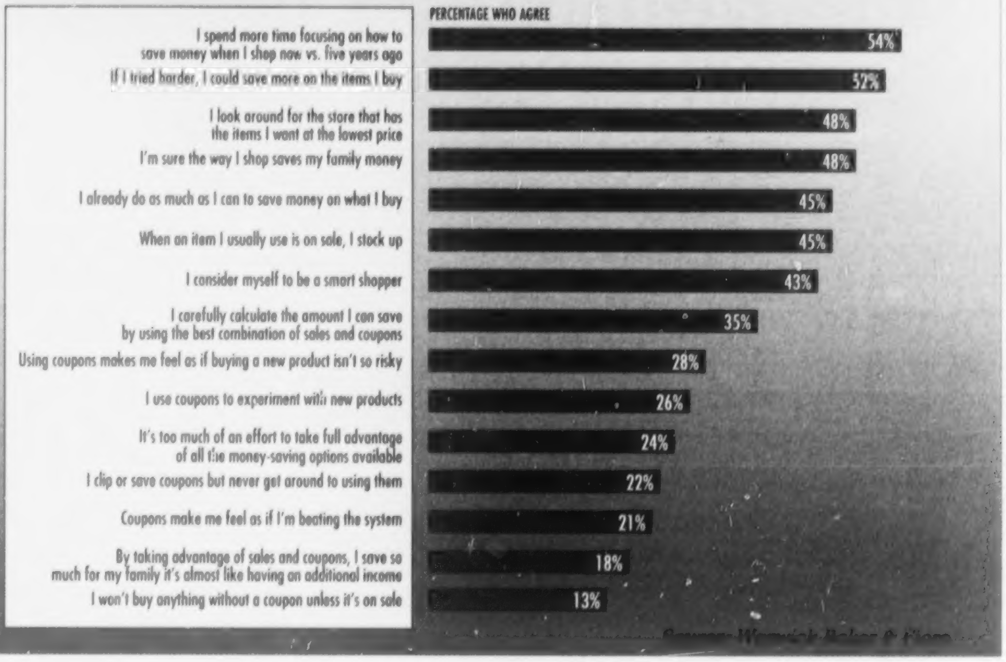
How do sales of HBA in your stores with pharmacies compare with stores without pharmacies?



STRATEGIC SHOPPER

continued from page 112

SHOPPING STRATEGIES



Source: Warwick Baker & Fiore

to the store for frequently purchased items armed with a specific shopping strategy for saving money.

And they are paying very careful attention to just how much they do save. On average, consumers reported saving $347 per year with coupons and sales. The 24% in the most sophisticated shopping group saved up to $506 in 1991. On average, consumers believe they save $233 per year using coupons alone.

"Two years ago I wouldn't have asked this question. People wouldn't have known how much they saved," says Dr. Susan Small-Weil, executive vice president and chief planning officer for Warwick Baker & Fiore. "But they are paying attention. They do know."

Yet half of consumers believe they could still try harder and save even more. At the same time, they believe there is more they can take advantage of.

What's more, this shopping behavior crosses age groups and sexes. It's not just the homebound who make the effort to find bargains. Men, consumers aged 35 to 54, college graduates and working women are the most likely to believe they save money using coupons and sales.

The recession is only part of the reason for the turn toward heightened price-consciousness, according to Small-Weil. She says manufacturers have so cluttered the marketplace with promotions and offers that it is easier for the consumer to act on these than to ignore them. Even if they find it more time-consuming, they feel bound to participate rather than lose money.

Redemption figures bear this out. Manufacturers issued a record 314 billion coupons last year, a 12% jump from 1990, according to CMS Inc. in Winston-Salem, N.C. Some 7.7 billion were redeemed in 1991, a 5% increase. NCH Promotional Services reports that consumers saved a record $4 billion last year, a 14% increase from 1990.

"Between retail competition and manufacturer coupons, there's an overwhelming amount happening in the marketplace. People have been forced to make shopping like a chore and add a level of intellectual manipulation and machination to participate," she adds.

The Warwick Baker & Fiore research identified five distinct shopping methods. Some 92% of consumers have arrived at a consistent and apparent shopping strategy to guide them through the store. The recession may have been impetus for some of the behavior, but now that these habits are here, they are not going to pass if the economy improves, Small-Weil believes.

There are the people who only want what they want. They tend to be brand-loyal. They won't go out of their way to get the item at a lower price. But they're also pragmatic. If they run across a $1 coupon for a shampoo they buy all the time, they are going to use the coupon. They tend to skew over age 55.

"It's gotten to the point where it takes more time to get rid of things like a freestanding insert than it takes to go through it," says Small-Weil. "You pick up the paper and they fall out. In the process of getting rid of them, you can't ignore the coupons. It's gotten easier to use them than to throw them out."

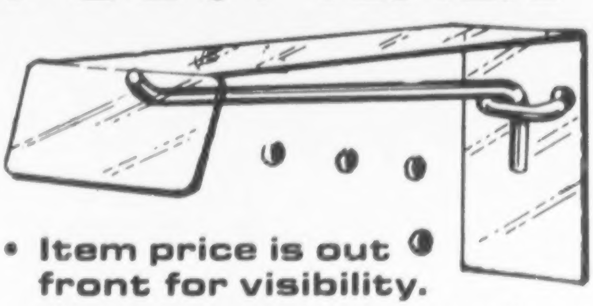
Using this strategy, these shoppers believe they saved $325 using coupons and sales. They view it as a way to do the smart thing and get the best of both worlds—what they want at a good price.

These shoppers appear to derive satisfaction out of knowing what they want and sticking with it. The extra bonus of saving money with just a little effort makes them feel smart.

These people buy the lowest-priced item with little or no regard for brand. The bot-

continued on page 185

PEGTALKER®



- Item price is out front for visibility.
- Permits price removal.
- Saves space.
- Allows faster ordering, including label scans.
- Maintains correct item placement.

Now there is a method for placing your shelf label out front on pegged merchandise displays. The **PEGTALKER**® allows you to do just that with the peghook that you already own, and without wasting valuable display space.
PROTECTED BY U.S. PATENT 4463510.
FOR INFORMATION WRITE OR CALL
THE PEGTALKER CO.
P.O. BOX 3571 • WILMINGTON, DE • 19807 • (215) 388-6572

STRATEGIC SHOPPER

continued from page 167

tom-line shoppers find the lowest price by store shopping. They are the most likely to believe their actions are almost like having an additional income.

Bottom-line shoppers are most dominant in households with children. In families with children, the perception of disposable income is lower and loyalty to brand names may be sacrificed. Also, as new products enter the household through children, parents tend to be more flexible about what types of things they will try.

However, the price-oriented shopper saves far less than average when compared with other groups who take advantage of coupons and sales ($260 versus $347). They appear to be penny-wise and pound-foolish. They use price alone without the extra effort of planning and strategy to try to get the best deal.

There are the folks like Adam Morris, who let coupons and sales make the decision for them among several brands in their considered set. They are flexible among brands they've come to trust, and will go with the best deal.

These shoppers stand in the aisle and mentally calculate the best deal that week given the coupons they have in hand. They have the greatest emotional investment in the process. They score highest on all items that reflect pride and accomplishment in their shopping strategies. It's almost as if their self-image is reflected in this behavior.

Switchers tend to have some college education (30% versus 24% for the total pool). They are also more likely to try new products.

Consumers who use this strategy report saving the second-highest amount, $452, of all the groups. This represents the best of both worlds—brands that they are satisfied with plus the flexibility to shift within a group to take advantage of short-term opportunities.

This is the group among which marketers fight their short-term losing battle. Dealing will get them to buy your product, but it won't get preference or loyalty.

Compliment a deal hunter on a new pair of shoes and she's apt to tell you what she paid for them. The deal hunter views shopping as a game. What's purchased is secondary.

Members of this group cut across all demographic segments and are out to "beat the system" without any loyalty. They get their kicks from getting good deals. They don't care what it is they buy.

Using this strategy, these consumers saved the most of any other group—$506. But saving is their driving force.

Non-strategists just shop.They don't actively look for bargains because they're not organized enough to plan in advance, Small-Weil suspects. She should know because this is her category. The typical non-strategist, however, is a man.

Since they don't go out of their way to look for coupons or sales, non-strategists saved only $134, the least of any group in the survey.

"I used to clip coupons and then they'd expire or I wouldn't have them when I went shopping," says Small-Weil. "It was more frustrating and annoying not to get it right. So I just stopped altogether."

TRY A SHARPER PRICING STRATEGY FOR EARLY 'SHORT SEASON' FRUIT

Early season fruits, such as apricots, can pose a pricing dilemma.

The first shipments of fruit, very small in volume, and very expensive (maybe $30 or more per carton), call for per pound pricing (with normal markups) of $1.99 to $2.19. But at that price as much as 25% of the less than optimum quality early fruit will end up in the dumpster, so the decision is often made to price it at $2.49 or even $2.95. At that price, 50% of the early, expensive apricots will probably end up as garbage.

With that kind of loss on the books, the buyer or merchandiser will decide not to buy any more until prices come down. With no action in the marketplace, the shipper then lowers his price in order to get things moving again.

But because of the early losses, the produce buyer holds prices at too high a level (maybe $1.29 or more on fruit that was delivered at 50¢ per pound or less) in order to make back the loss. This discourages volume movement and the commodity never regains momentum.

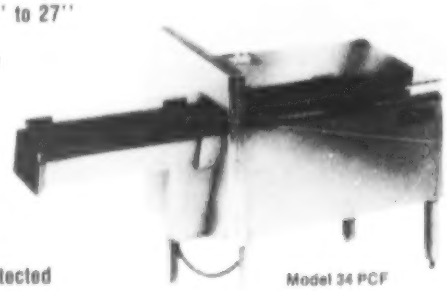
There is an answer, however. By "loss leader" pricing at the start of the season—say, $1.09 or even 99¢ per pound—on that very limited early volume, the product will move. When grower/shipper prices drop as volume increases, that early retail pricing can hold for the season.

In brief, instead of throwing away 50% of that early volume and taking a big loss on it, sell it all (or at least 90% of it) and take a small loss. This establishes a price for the commodity that your customers can afford to pay throughout the season. Once the product is back in business as a viable commodity, consumer acceptance and demand will soar and every link in the production/distribution chain will benefit.

To make this concept work, cooperation between grower/shippers and buyer/ merchandisers to insure a smooth flow of product is a must.

EFFICIENT ECONOMICAL
ELECTRONIC HORIZONTAL SLICER

- Slices boneless fresh, semi-frozen food products QUICK AND CLEAN
- Hands-Free slicing of Strip Steaks, Ribeyes, Roasts, Tenderloins, Boneless Pork Loins, Deli Meats, Cheeses, and more . . .
- Slice thickness 1/32'' to 27''
- 180 slices per minute
- Uniform slices
- Minimal waste
- All electronic
- Touch pad controls
- Completely safety protected
- Automatic distribution of last slice
- Product thickness changeable during operation


Model 34 PCF

BIRO

Manufacturers of Food Processing Machines
Reliable Products Since 1921

The Biro Manufacturing Company
Marblehead, OH 43440-2099 USA
419-798-4451 Fax 419-798-9106

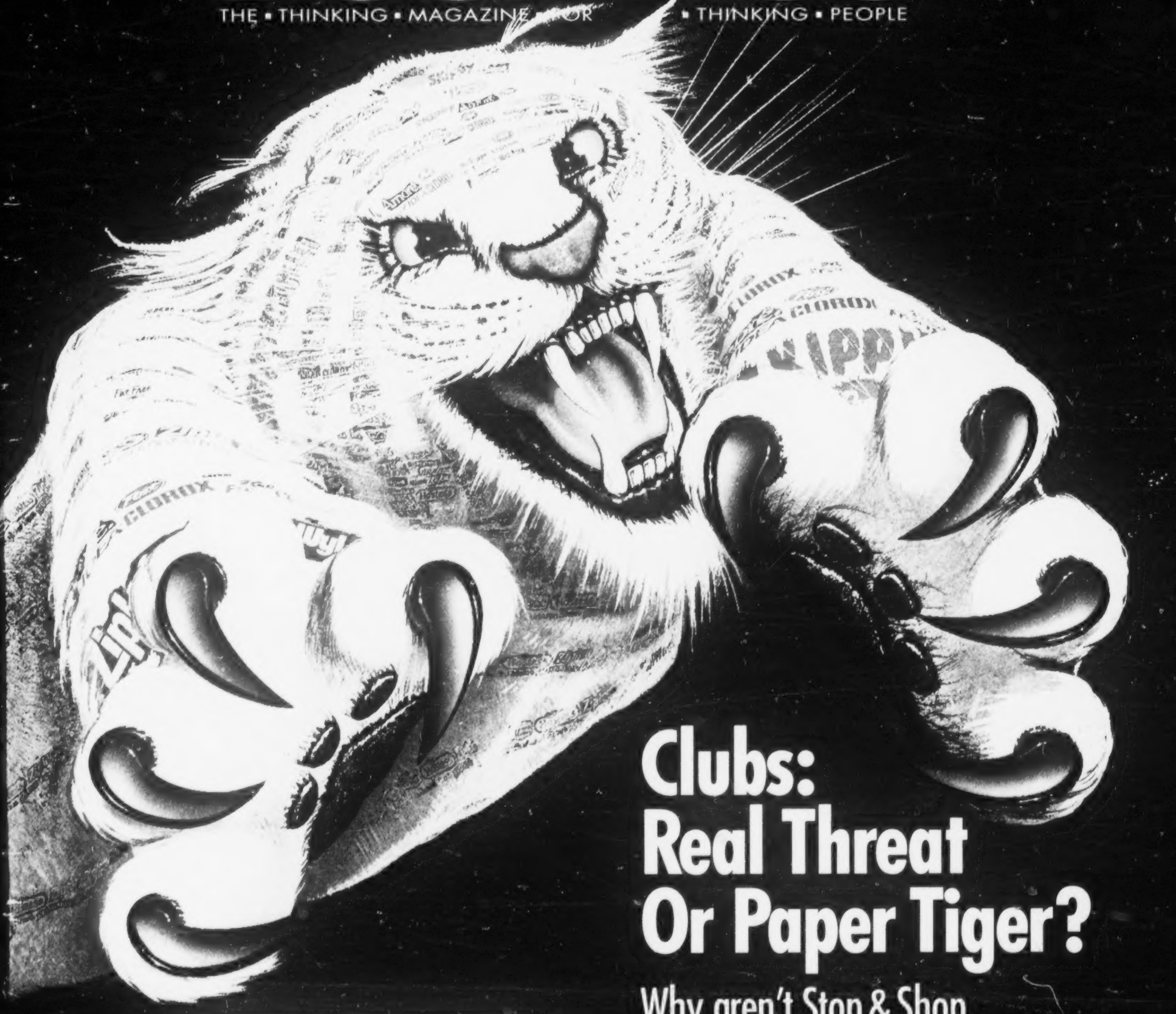
SUPERMARKET BUSINESS

$7.00
PER COPY

VOLUME 47/NUMBER 6
JUNE 1992

4655-1

THE • THINKING • MAGAZINE • FOR • THINKING • PEOPLE


CLOROX
CLOROX
CLOROX
Skippy
Lipton

Clubs: Real Threat Or Paper Tiger?

Why aren't Stop & Shop, Edwards running scared?

SUPERMARKET BUSINESS

JUNE
1992

VOLUME 47
NUMBER 6

page 23

page 35

page 39

FEATURES

IS THE CLUB A REAL TIGER, OR JUST PAPER? KEN PARTCH **23**

If warehouse clubs are so tough, why did Stop & Shop and Edwards each open next door to one? In our continuing saga of the clubs and their impact on supermarket performance, we recently visited two New England locations in search of the answer.

HCFC OR WAIT AND SEE? THAT IS THE QUESTION MIKE DUFF **29**

Wondering what to do about your store refrigeration systems in light of the pending phaseout of the most widely used refrigerant now on the market? You're not alone. Here are the questions everyone's asking, and the options.

HOW CAN AN UPSCALE STORE MEET HEAVY CLUB COMPETITION? ASK PERLMART SHOPRITE, WHERE IT'S BEING DONE FRANK HAMMEL **35**

It's said you can't be all things to all people. But sometimes you have to try... especially when pressed on all sides by clubs. Here's how one operator shifted his focus to meet changing market conditions and new consumer priorities

INSTORE BUSINESS

SPECIAL SECTION: BAKERY/DAIRY/DELI RETAILING THEATER **OPPOSITE PAGE 38**

Looking for new ideas to make your bakery, deli and dairy sections a standout? Look no further than our special focus on stores that do a stellar job of catching the consumer's eye.

TAKING THE SERVICE CONCEPT ALL THE WAY HOME DAVID LITWAK **39**

Going the extra mile sometimes means not only driving your customers' groceries home, but putting them away once you're there. But if that's what it takes to get people to bypass the chains, that's what Cricenti's does.

NUTRITION: A DELI MENU OPTION THAT MEANS BUSINESS ANNE PICI **49**

Once noted almost exclusively for high-calorie, high-fat, high-sodium foods, today's delis are developing a "nutrition conscience" that puts them in a better position to compete for the dollars of health-conscious consumers. Here's what's happening...

NONFOODS BUSINESS

TURNING NONFOODS INTO A WEAPON AGAINST THE CLUBS FRANK HAMMEL **63**

The Achilles heel of the club store is its limited selection ...particularly in GM/HBC. Here's how one operator under pressure is using the club's weakness by playing up the supermarket's traditional strengths.

COLUMNS & DEPARTMENTS

EDITOR'S VIEW............ **7**
WASHINGTON BRIEFS **9**
TRADESCAN.............. **11**
SUPPLIER SIDE............ **15**
TECHNOLOGY............ **17**
PRODUCE.................. **21**
FOOD PREPARATION **53**
ADVERTISERS' INDEX..... **73**
READER CONTEST **69**
CHECKOUT................ **74**

GOOD GRIEF! IT'S TWO GUYS FROM HARRISON

By Ken Partch, Editor-In-Chief

In the beginning (or close enough to it), there was David & Goliath, there was Dorothy Lane Super Centers of Ohio, there was General Supermarkets' Shop-Rite Discount Department Store, and Food Fair's J. M. Fields. There was Unimart, Giant Food's Super Giant Discount Centers, and Meijer's Thrifty Acres. There were marriages like K mart and Allied, and offspring like Bradlees (from Stop & Shop) with supermarkets in them—and, of course, Two Guys from Harrison. Don't forget Bernie Stevens of Florida, who built stores all the way up to 70,000 sq. ft. and, later, back down to 26,000. Not too many of these stores have survived.

Professor Malcolm McNair of Harvard Business School appeared at all the conventions, lo these many moons ago, and explained that discounting was spawned by retailers who allowed their gross margins to get too high, allowing room for a low-cost operator to get under. How about that?

There was something else, of course. There is always something else. Supermarket operators were caught with their gross margins too high, partly because of trading stamps. Trading stamps cost the operators, and thereby consumers, some two percent of sales. These "free" trading stamps permitted consumers to trade in their stamp books for items at the redemption centers at full list price. If they had the option of taking the cost of stamps in discounts, they could buy the general merchandise "free" items at a discount store for far less.

So-called discounting was, at this time, nothing more than a lot of conversation about how to get out of trading stamps, which no longer had any promotional clout because all your competitors had them. It was just another cost of doing business that added no value to the consumer, but many operators clung to them to the bitter end. A&P helped to provide the *coup de grace* by getting into Plaid stamps just as everyone else was getting out.

When it comes to "alternative formats," it is never just formats, or the traditional supermarket would have disappeared long ago.

Originally, of course, they were used to build volume when supermarkets had saturated every market, and the great trek to the suburbs was beginning to subside. I know all this because thinking about Stop & Shop spinning off Bradlees sent me to the bound volumes of *Food Topics*, the predecessor of this magazine.

Another thing sent me there, and that was the Food Marketing Institute study on Alternative Store Formats revealed at the annual convention last month. I think it was right and proper to do the study, because it lays things out in clear and orderly fashion for all to see.

It makes it clear that most of the shoppers at these stores are potentially the same people who shop at supermarkets. I am not sure why it had to be made clear that if the small businessman, or lawyer, or doctor, is shopping for these things for the office and for the home, it means that his wife is probably not shopping for them at the supermarket. This is also true of Staples, by the way, where he might buy film for his camera and a few other things.

It seems as if once the Malcolm McNair law of retailing begins to apply, an operator can't simply say: "Hey! I think my margins are getting too high—I'll have to drop them, which means I'll have to cut prices." The problem with cutting prices, when everything else remains the same, is that there is no immediate benefit—save, possibly, staying in business. So, we look for disguises to cutting prices, such as the magic of "discounting," and "Mini-Pricing, and possibly a move into general merchandise which will replace my volume losses with higher-margin goods.

The FMI Committee Discussion Paper, which accompanies the FMI study by consultants McKinsey, Opinion Research and Willard Bishop, does a good job of positioning it, alerting members to the dangers at hand with a minimum of manufacturer-bashing, but at the same time taking a firm stance on fair treatment.

The part I found somewhat baffling was the statement: " ... FMI will continue to monitor mass merchants as they add grocery products because this format may ultimately prove to be the most potent threat to traditional supermarkets. The still evolving Wal-Mart 'supercenter,' a large prototype Wal-Mart store with a 45,000- to 50,000-square-foot full-service grocery section, is an example of this format. There are

Continued on page 11

SUPERMARKET BUSINESS

EDITOR-IN-CHIEF
Kenneth P. Partch

MANAGING EDITOR
Richard DeSanta

SENIOR EDITOR/RESEARCH
David Litwak

EDITORIAL ASSISTANT
Arlette White

ART DIRECTOR
Jerry Tortorella

RESEARCH EDITOR
Nancy Maline

CONTRIBUTING EDITORS
Frank Hammel
Produce: **Barney H. McClure**
Food Prep: **Elaine Reader**
Technology: **Richard Shulman**
Washington: **Ken Rankin**
Store Planning: **David Rogers**
Management: **Jack Cohen**

PUBLISHER
Jeffrey A. Schaeffer

ASSOCIATE PUBLISHER
Carol Fenshott

VICE PRESIDENT
CIRCULATION DIRECTOR
Frank Marino

PRODUCTION DIRECTOR
Gregg Weatherby

MANAGER SUPPORT SYSTEMS
Rachel Crouchelli

ADVERTISING SALES
EAST COAST

REGIONAL
SALES MANAGER
Don Rocco

SALES DEVELOPMENT
DIRECTOR
Janet Isenberg

MIDWEST

VICE-PRESIDENT, NATIONAL
ACCOUNTS
Dave Wishard

REGIONAL SALES MANAGER
John Sonderegger
3601 Devon
Chicago, Ill. 60659
Phone: (312) 478-6494
Fax: (312) 478-5046

WEST COAST

Sue Marritt
20700 Ventura Blvd., Suite 310
Woodland Hills Calif. 91364
Phone: (818) 340-4666
Fax: (818) 346-9700

VICE PRESIDENTS
Carol Fenshott
Kenneth P. Partch

VICE PRESIDENT-
ADMINISTRATION
Catherine Cahill

CORPORATE OFFICERS: HOWFREY COMMUNICATIONS, INC.

CHAIRMAN & CEO:
Jeffrey A. Schaeffer

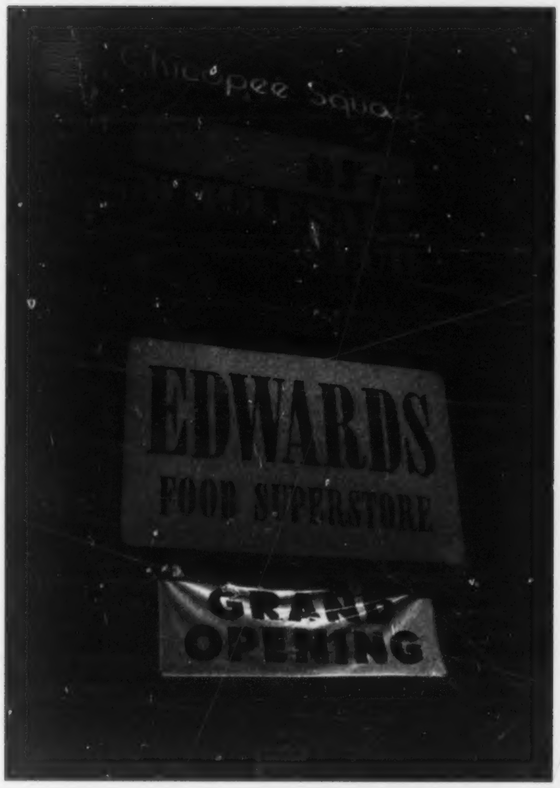
PRESIDENT & COO:
Howard Ackerman

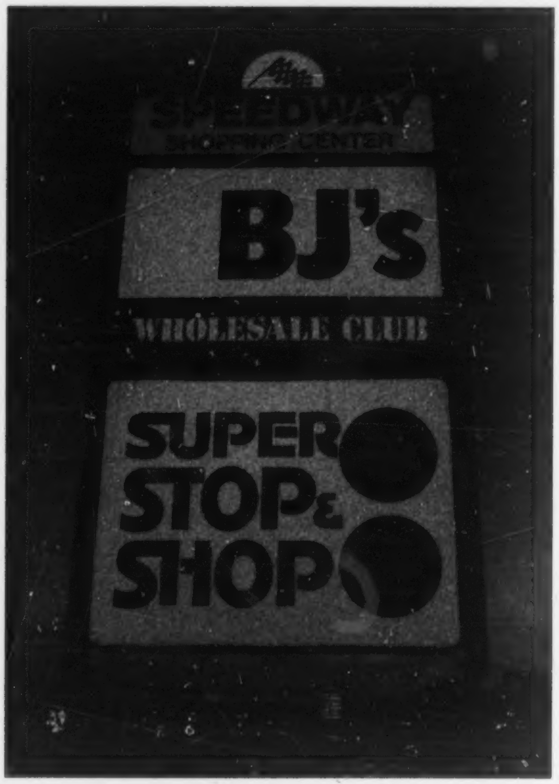
SUPERMARKET BUSINESS Magazine (ISSN 0196-5700) is published monthly by Howfrey Communications, Inc., 342 Madison Ave., New York, NY 10173 Telephone: 212-867-2350. Circulated free of charge to grocery retailers and wholesalers. U.S. subscriptions $53 per year; Canada, $62 per year. Foreign subscriptions $73 (seamail), $233 (airmail), per year. Single copies $7, except Consumer Expenditures Study (September issue) $32 per copy. (Discount prices available on multiple purchases.)

Copyright © 1992 Howfrey Communications, Inc. All rights reserved. SUPERMARKET BUSINESS is a registered trademark of Supermarket Business Inc. Second class postage paid at New York, N.Y., and additional mailing offices.

All circulation inquiries to: SUPERMARKET BUSINESS, P.O. Box 175, Winchester, MA 01890

IS THE CLUB A REAL TIGER OR JUST PAPER?





If warehouse clubs are so tough, why did Stop & Shop and Edwards open next door?

BY KEN PARTCH

In our continuing saga of the warehouse clubs and their potential impact on supermarket performance, we recently visited two locations in New England where supermarkets are competing adjacent with clubs. We did so in order to observe both merchandising patterns and pricing structures.

In one location, a small shopping strip in Westborough, Mass., a suburb of Worcester, Stop & Shop occupies one end of the shopping strip while BJ's occupies the other. They even share a joint billboard. Two anchors, you might say, in a strip of a handful of stores.

In the other location, also sharing a joint billboard, is Edwards Food Superstore (the low-price-image Finast operation) in Chicopee Falls, Mass., some 70 miles away. It competes with a BJ's located just on the other side of its parking lot.

Also in Chicopee Falls, on the same side of the one-way Memorial Highway, perhaps 100 yards away, there is a corporately-owned Wakefern Super ShopRite. A steel divider separates all traffic on Memorial Highway, not an ideal situation, but good locations are tough to find along the heavily populated Connecticut River valley.

The Stop & Shop is a large-scale Super Stop & Shop "General Store" with some 60,000 sq. ft. The Edwards is a new format also of some 60,000 sq. ft. In both cases, the BJ's was already on location when the supermarkets decided to come join them.

Two schools of thought

Obviously, this was a conscious decision, and in the Edwards case, a recent one. There are at least two schools of thought about the rationale of competing head-on with the clubs. One, wherever you are in the market for 10 to 20 miles around you will be competing with the club. The

SAMPLE (Total Interviews: 51)

	BJ's	Stop & Shop
Shoppers leaving each store	26	25
BJ's customers who also shop Stop & Shop,		10
Stop & Shop customers who also shop BJ's	8	
Total of each store's shoppers	34*	35*

*18 Respondents shopped at both stores.

	BJ's	Stop & Shop
Everything purchased is for family use:		
	85%	100%
How long have you been a member:		
Less than 1 yr	23%	NA
1 year	26	
2 years	15	
3-4 yrs	8	
5+ years	28	
How often they shop BJ's (Among respondents of both stores):		
More than once a week	28%	0%
Once a week	8	12
Once every 2 weeks	44	33
Once a month	16	22
Less than once a month	4	33
Distance traveled to shopping center:		
Mean	15 miles	5 miles

Average amount spent each shopping trip
(Among BJ's respondents only)

Total spent and amount spent on grocery items	
Mean Expenditure	$152
Mean Expenditure for Grocery Items	$136
% of BJ's purchases available in supermarkets	89%

BJ's most frequently purchased items:

TOTAL	Number of Shoppers purchasing (34)
1. Paper	19
2. Fresh Meat/Chicken	16
3. Soda	14
4. Juice	12
5. Cereal	11
6. Fresh Fruit	9
7. Pasta	7
8. Candy	7
9. Ice Cream	7
10. Cookies	6

Stop & Shop most frequently purchased items:

TOTAL	Number of Shoppers purchasing (25)
1. Fresh Meat/Chicken	17
2. Fresh Vegetables	15
3. Juice	14
4. Fresh Fruit	12
5. Milk	11
6. Bread	10
7. Cereal	9
8. Fresh/Frozen Fish	7
9. Cold Cuts	6
10. Paper Products	6
11. Cheese	6

BJ's RESPONDENTS ONLY
REASON BUYING HABITS CHANGED IN THE PAST FEW MONTHS

Increased 54%

Kids have come back from college—more mouths to feed.

I bought more for this weekend's banquet.
I've been paying more attention to the types of things I can buy here.
I spent more today because I have been spending less in general at the supermarket.
I needed to re-stock my shelves.
Becoming more familiar with store.
I have a bigger family now.
They have new items.
Just became a member.
Prices are better.
Better selection.
Good value.
Had baby.
Good prices.

Decreased 11%
Cutting back because of economy.
On a limited budget.
Son moved out.

Stayed the Same 35%

Do BJ's shoppers also shop at Stop & Shop in same center

Shop at Stop & Shop	38%
Do not shop at Stop & Shop	62%

Of those who do not shop at this Stop & Shop, all lived at least 5 miles or more away, with **81%** of them living 10 more miles away.

Of those that did also shop at this Stop & Shop, **50%** shopped there once a week.

2/3 say they buy the same types of items in both stores. A reported **55%** (mean) of the money spent now at BJ's by those who shop both stores would be spent in Stop & Shop if BJ's no longer existed.

Why do you shop at both BJ's and super Stop & Shop

I come here for things I can buy in bulk.
Limited storage space so I buy only some things in bulk.
I like to get my vegetables fresh in smaller quantities at the Supermarket.
I buy some things in quantity for family. The rest I buy at Stop & Shop.
I buy paper goods & non-perishables at BJ's to save money.
Variety that both stores offer. I like the produce at Stop & Shop.
I can pick & choose it vs. buying it in a big bag.
Pleasure to shop at BJ's. Prices are better.
When I only need small quantities of food I go to Stop & Shop.
I go to BJ's for multi-pack items.
I shop at Stop & Shop for the sales. I shop at BJ's for the stuff I need every week.
I go to BJ's for quantity items.

What do you buy at BJ's that you don't buy at Stop & Shop

Steak and meats in general. Meat Dept. is excellent.
Bulk items. Paper towels, toilet paper, canned goods, cereals, meats.
Quantity.
Large quantities.
Things that don't spoil that I use a lot of.

What do you buy at Stop & Shop that you don't buy at BJ's

Vegetables.
Fresh produce, small items for daily meals.
Meats and fruits.

other, since you can't buy a full week's supply of groceries at any club, you might at least gain some business from the club traffic.

When Stop & Shop opened, the BJ's was probably not offering as many consumer-oriented groceries as it does now. But according to Stop & Shop management, and local competitors agree, the Stop & Shop does very nicely. Estimates are around $500,000 to $550,000-plus, on the low side.

Averaging $861 per sq. ft.

For Stop & Shop that's not spectacular, but it is respectable. Stop & Shop has several superstores in the $800,000 to $1 million-per-week range. It also has one of the highest average sales per sq. ft. in the industry—$861.

Shoppers were intercepted as they exited both BJ's and Stop & Shop to learn how many shopped both stores, how many did not and why. A third of Stop & Shop shoppers belonged to BJ's. While Stop & Shop gained a little more from BJ's members, although the sample was admittedly small, what they buy where is also interesting.

It should be remembered that Stop & Shop does some 20 to 25 percent of its total sales in general merchandise, in such things as housewares, home office supplies, RTA furniture, garden accessories, and hard and soft cover books. There is also a pharmacy.

In food, Stop & Shop takes a back seat to nobody—especially in produce, fresh fish, fresh meat, and prepared foods. As one local competitor put it: "They have no weak areas. They are simply a good operation."

Spinning off Bradlees

The company's financial reports back up that observation. While it is paying down considerable debt, as a result of a 1989 LBO, (2.5 percent of sales interest rate for 1991) it still manages to earn a net of

STOP & SHOP RESPONDENTS ONLY

Is Stop & Shop your usual supermarket?:

Yes	84%
No	16%

Frequency of shopping Stop & Shop:

More than once a week	20%
Once a week	72%
Once every 2 weeks	8%
Less than once in 2 weeks	0%

Amount spent in Stop & Shop compared to usual shopping trip:

Amount Spent this Trip: **Mean $45** **Mode $60**

This trip I spent:

More than Usual	8%
Less than Usual*	48%
Same as Usual	44%

*Average reported decrease in shopping bill was $49.

Why do you shop at Stop & Shop?

I'm used to it and know where every thing is. They have pretty good buys.
Huge selection.
It offers best variety of all markets in the area that I have seen.
Like the produce, cold cuts, meats. Coupons.
If I need a few things I will stop here because it's closer.
Good selection. Great prices.
For better prices.
It's close to work.
It's clean and has everything I want. The butcher is a big help.
Very convenient. Good assortment. My daughter works here.
Close.
Convenient. It has most everything.
I like it. I like meat & produce.
Big variety. Prices are good.
Good prices. Close.
Close. Good selection. Good prices.
I like the way the store is set up.
Good store. Double coupons.
Good sales.
Good salad bar.
Free coupons.
Don't have a market in Grafton. It's the best one around. Prices and selection are good.
You can find something here that other stores don't have.
Good buys. Coupons.

Why are you a member of BJ's?

Member of BJ's 36%

Good prices on some things.
For business.
My son is a caterer. Buying for his business.
Needed to buy tires for the van. Don't use it that much.
Good deals;prices are cheap.
For buying in quantity. Cheaper.
Animal supplies in large quantities.
We buy in quantity there.
Good deals on bulk items.

Why Not a Member of BJ's?

Not a member of BJ's 64%

Don't think savings are that good.
Haven't gotten around to it.
I don't have the time to shop there.
I don't buy a lot of food.
Never got around to it.
Don't want to pay membership fee.
I don't need to buy large quantities. I don't want to pay fee.
I don't buy bulk items. I live alone.
I don't buy in bulk.
Card expired. Did not renew but may in the future.
I paid $35 for my 1st membershiip & think they changed systems because they wanted another $35 to maintain my membership. I'm not going to pay them to shop there.
No need for large quantities.
I don't want to be.
Membership fee.

Why do you shop at both BJ's and Stop & Shop?

I like BJ's for houseware products and some electronic equipment. Sometimes BJ's doesn't have what we want.
I don't shop at BJ's for food alot. Fresher food at Stop & Shop.
I shop at BJ's for tires.
BJ's is better than Sam's for deals. Small items at Stop & Shop.
Some things that I use more of are cheaper to buy from BJ's in bulk.
BJ's provides better price & quantity that I need.
I buy some things at BJ's in bulk. That saves some time and money.
I just buy some things at BJ's for the bulk and good prices.
BJ's is very good for bulk items.

WESTBOROUGH, MASS., PRICE COMPARISONS

COMPARATIVE PRICE LIST WEEK OF APRIL 20, 1992

	BJ's	Super Stop & Shop	Big D	Julio's Star Market	Edwards
Iceberg Lettuce (head)	.80	.99	.49	1.19	.50
Bananas (per lb.)	.40	.50	.49	.69	.33
Oranges (per lb.)	.62	.75	.29	.75	.50
Potatoes (per lb.)	.30	.30	.34	.40	.15
Kellogg's Corn Flakes (per oz.)	.09	.13	.11	.13	.06
Cheerio's (per oz.)	.16	.21	.21	.21	.20
Quaker Oats Instant Variety 10-Pack (per packet)	.19	.25	.27	.29	.25
White Bread (per oz.)	.08	.08	.09	.05	.07
Thomas'English Muffins (pkg. of 6)	1.27	1.69	1.69	1.69	1.69
Kahn's Hot Dogs (per lb.)	1.49	2.99	1.99	2.69	2.59
Oscar Mayer Sliced Bologna (per oz.)	.21*	.21	.19	.22	.20
Perdue Oven Stuffer (per lb.)	.89	.59	1.29	.89	.99
Ground Chuck Steak (80% lean)(per lb.)	1.68	1.89	2.29	1.46	1.79
Bumble Bee Tuna (Solid White) (per 6 1/8 oz. can)	1.21	1.49	1.38	1.59	1.39
Spaghetti (per lb.)	.61	.33	.50	.85	.33
Ragu Spaghetti Sauce (per oz.)	.04	.06	.06	.07	.06
Kraft American Cheese Singles (per slice)	.09	.16	.14	.14	.14
Whole Milk (gallon)	1.79	2.29	2.21	2.45	2.29
Blue Bonnet Margarine (per lb.)	.54	.77	.66*	.75	.59
Butter (per lb.)	1.09	1.59	1.39	1.79	1.19
Eggs (per egg)	.06	.08	.09	.08	.08
Tropicana Orange Juice (per oz.)	.04	.05	.05	.04	.04
Columbo Yogurt (32 oz.)	1.64	1.99	1.99	1.89	1.19
Minute Maid Frozen Orange Juice (per oz.)	.14*	.12	.16	.16	.12
Healthy Choice Frozen Dinner (Chicken Parm)	2.42	2.49	2.49	2.50	2.50
Ellio's Frozen Cheese Pizza (9 slice box)	2.13	2.59	2.59	2.99	2.99
Green Giant Canned Peas (per 15 oz. can)	.46	.48	.59	.75	.59
Campbell Tomato Soup (10 3/4 oz. can)	.50	.59	.59	.79	.55
Skippy Creamy Peanut Butter (per oz.)	.09	.14	.12	.11	.11
Welch's Grape Jelly (per 32 oz.)	1.25	1.39	1.39	2.09	1.39
Hellmann's Mayonnaise (per oz.)	.07	.07	.08	.08	.07
Heinz Ketchup (per oz.)	.04	.06	.06	.06	.03
Hunt's Barbeque Sauce (per oz.)	.04	.07	.06	.08	.06
M&M's Candy (plain) (per lb.)	1.58**	2.99	2.69	2.99	2.49
Nabisco Oreo Cookies (per 20 oz.)	2.19	2.69	1.49	1.99	1.50
Premium Saltine Crackers (per 16 oz.)	1.79*	1.89	1.89	1.89	1.49
Lays Potato Chips (per oz.)	.13	.19	.18	.19	.19
Doritos Corn Chips (per oz.)	.17*	.17	.17	.17	.17
Pepsi (2 litre)	1.12	1.49	1.49	1.49	1.39
Diet Coke (2 litre)	1.00	1.19	.76	1.39	.77
Maxwell House Coffee (per 13 oz.)	1.65**	2.49	2.39	2.49	2.39
Lipton Tea Bags (per tea bag)	.03	.02	.02	.03	.02
Sugar (per 5 lbs.)	1.79	2.28	1.88	2.25	2.19
Tide Ultra Powder (per oz.)	.07	.08	.08	.08	.09
Tide Liquid Detergent (per 1/2 gal.)	3.37**	4.68	2.99	4.49	4.00
Bounce Fabric Softener (per sheet)	.05	.07	.06	.07	.06
Cascade Dishwashing Compound (per oz.)	.04	.06	.06	.06	.06
Bounty Paper Towels (per roll)	.75	.94	.98	.95	.88
Charmin Toilet Tissue (per 4 pack)	.98	1.19	.88	1.25	1.19
Glad Cling Wrap (per 100 ft.)	.62**	1.29	1.29	.90**	.75**
Reynolds Aluminum Foil (per 50 ft.)	1.00**	1.50**	1.53**	1.22**	1.20**
Purina Dog Chow (per lb.)	.38*	.36	.36	.43	.36
Meow Mix Cat Food (per lb.)	.50**	1.03	.84*	1.11	.72
Tidy Cat 3 (per lb.)	.14	.14	.18	.15	.13
Kotex Light Days (per 24 ct.)	.94	1.19	1.19	1.19	.79
Crest Toothpaste (per oz.)	.24	.39	.34	.41	.31
Advil Tablets (per 100 ct.)	2.97**	8.79	10.98	7.79	6.89
Pert Plus Shampoo (per oz.)	.17	.27	.25	.27	.17
Ban Roll-On Deodorant (per oz.)	.86	1.73	1.73	1.99	1.25
Listerine Antiseptic Mouthwash (per oz.)	.10	.18	.09	.16	.14
Scope Mouthwash (per oz.)	.11	.18	.16	.14	.15
Gillette Trac II Razor Blades (per blade)	.43	.68	.74	.72	.59
Gillette Good News Disposables (per razor)	.21	.40	.37	.37	.35
Marlboro's (Kings, Carton)	15.55	17.69	16.69	18.26	17.15
TOTAL	**$63.36**	**$85.63**	**$81.09**	**$86.81**	**$74.86**

*Item not available. Price based on average of item in other stores

**Actual size of package available was larger. Price based on partial cost

1.2 percent after taxes.

Obviously very much aware of this obligation to debt, the company recently announced that it would spin off its Bradlees (discount general merchandise operation) with a separate stock offering that would take Bradlees public as a separate company. Management hopes to realize enough revenue to reduce its debt load—perhaps in order to maintain its competitive position as Wal-Mart and K mart gear up for New England.

In many ways, Stop & Shop's has been an ideal LBO. It has been able to retain excellent top management, while not ceasing to continue its aggressive new store and remodeling programs. With the exception of Vons, most other LBO companies in this industry have been hamstrung by debt and uncertainty, and unable to move.

Stop & Shop has managed to steadily increase its share of market, and should now be more than ready to meet the new competition heading into New England. To date, Wal-mart's Sam's warehouse clubs have made almost no impact at all.

Price comparisons at left are based on products available at BJ's that could be handled at competing supermarkets

Edwards out for share

Edwards has quietly reinstituted its position as a price leader, now that its management has had a healthy transfusion of new investment by Ahold of The Netherlands. It has also introduced a new format that is distinctly different.

In addition to price, the store offers an impressive display of unrefrigerated fresh produce (on those inclined, wooden and wheeled display racks so popular in Tesco of the UK). Service fresh meat leads into center-of-the-store frozen and fresh meats in a two-sided aisle reminiscent of the Albertson's center frozen food aisle.

Edwards has opened two new units within a week: one in late April, the other on May 1; one in the town of Shrews-

What does it take to compete against the clubs? Nothing much— in one case, an unbeatable operation. In the other, there's price and variety, but the jury is still out.

Edwards' new format has been introduced in Westborough and Chicopee Falls, Mass. That tall glass front throws a lot of light on big tables of produce to greet the shopper, with good prices.

bury, Mass., not far from the Westborough Stop & Shop and BJ's; the other, in Chicopee Falls, cheek to cheek with BJ's.

The question arises: If clubs are such formidable competition for supermarkets, why did Stop & Shop and Edwards decide to go head-to-head in the same locations? Perhaps it demonstrates that well-run supermarkets can offer such superior services and values that they need not be the lowest in price—or, that if price is what you are looking for you can find that, too, along with superior choices of quantities in more convenient forms.

Speaking of prices

SUPERMARKET BUSINESS conducted a price survey in Westborough and the surrounding area. Stop & Shop makes utterly no attempt to meet BJ's in those grocery items "common" to both. Edwards, in nearby Shrewsbury, is priced almost exactly between Stop & Shop (the second-highest priced) and BJ's. The Edwards opened in late April, so the jury is still out on how the new format will stand up.

The Edwards, using a well-priced produce department as its customer greeting, will need to do a hefty job in produce distribution in order to maintain freshness on those unrefrigerated, wheeled racks. A wall of price-value packaged groceries forces traffic to the back of the store where its fresh meat presentation begins.

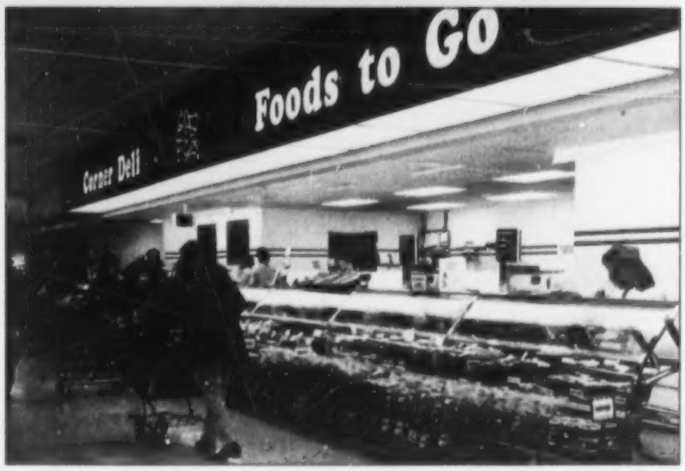
As in its earlier stores, Edwards still offers a lot of "select" meat cuts along with some choice. Shrewsbury has been the home of Big D warehouse stores for many years, but Edwards is under-selling them. With Ahold as its parent, Edwards won't have much difficulty in maintaining its low prices.

The big question is: How serious is the company about going for share? In Connecticut, where the Finast logo predominates, the Eastern Division has had its troubles finding its niche. New England observers will be watching the new Edwards move carefully.

In terms of store design, Edwards has returned to Don Watt Associates of Toronto who gave the company the "yellow peril" concept almost 10 years ago, and which shook up competitors up and down the valley. This time, Watt has designed what appears to be a rather expensive format of red brick, topped by glass and supported by a very high steel roof structure.

The result is a pleasing, well-lighted, wide-open effect with few pillars, and without the cavern-like spaces of those former Woolcos that seemed difficult to fill up and to merchandise.

In addition to the pricing survey of BJ's in Westborough and its competitors, SUPERMARKET BUSINESS also conducted consumer intercepts of BJ's customers and Stop & Shop's. There was an overlap of about one-third of the intercepts who shopped both BJ's and Stop & Shop. Remarks by these shoppers on why and how they made their choices are reported. They also confirm what local observers and competitors to both have told us.



Foods to Go is just one of Stop & Shop's assets in the coming battles for share of market that are shaping up for New England in the '90s. The General Store concept has made the company a formidable competitor.

One competitor said: "We thought Bob Tobin [president of Stop & Shop] had gone around the bend when he opened in a shopping center with BJ's, but apparently not." Bob assures us he has not, but doesn't want to comment right now.

Here, then, are two very different approaches to the so-called decade of alternative formats. What does it take to compete? Nothing much—just an unbeatable operation and know-how. What's new about that? ■

SUPERMARKET BUSINESS

$7.00
PER COPY

VOLUME 47/NUMBER 7
JULY 1992

THE • THINKING • MAGAZINE • FOR • THINKING • PEOPLE

CK IN TEXAS?

ALSO IN THIS ISSUE:

- **Foodservice Operations Review**
- **Fresh Fields: Where Purity Reigns Supreme**
- **Mini-lab vs. Micro-lab: A Photo Finish?**

SUPERMARKET BUSINESS

JULY
1992

VOLUME 47
NUMBER 7

Cover Story page 19

Fresh Fields page 27

Stir Fry page 51

Cover Illustration by Doug Archer

FEATURES

COVER STORY: IS FOOD LION GETTING STUCK IN TEXAS? KEN PARTCH **19**

Has the pride of Salisbury, N.C. found Dallas competition surprisingly nettlesome, or is Texas merely the point of entry for a roll-out across the Midwest and Middle South?

LET'S CLOSE THE EFFICIENCY GAP RICHARD E. SHULMAN **15**

Systemic solutions to improve the efficiency of our distribution network are available. What we need today is an atmosphere of cooperation among suppliers and distributors.

FRESH FIELDS—WHERE PURITY REALLY REIGNS SUPREME BOB INGRAM **27**

Industry veteran Leo Kahn and his fellow investors see excellent expansion prospects for their new venture, which focuses on marketing healthful foods to an affluent clientele.

WANTED: A BRISKET IN EVERY POT **59**

The beef industry council is betting $44 million that it can shoulder into more dinner menus over the next year and a half.

INSTORE BUSINESS

STILL COOKING AFTER ALL THESE FEARS DAVID LITWAK & NANCY MALINE **37**

Our Fifth Annual Foodservice Operations Review shows retailer worries that the recession would hamper foodservice growth were unfounded. For even among the thrifty, time is money.

UNLOCKING THE MYSTERIES OF ORIENTAL STIR-FRY FRANK HAMMEL **51**

There are bound to be a number of shaky steps when you first learn how to wok. But retailers who have tried it in their deli sections have few regrets.

NONFOODS BUSINESS

MINI VS. MICRO—A PHOTO FINISH DAVID VACZEK **55**

What is the best instore film processing configuration for your company—the proven mini-lab or the newer micro-lab? Randall's and Hannaford have found that both do the job, but offer different benefits.

COLUMNS & DEPARTMENTS

EDITOR'S VIEW............. **5**
WASHINGTON BRIEFS **9**
TRADESCAN.............. **11**
ADVERTISERS' INDEX..... **64**
CONTEST.................. **62**
CHECKOUT................ **66**

LEAN AND MEAN RE-EXAMINED

By Ken Partch, Editor-In-Chief

It was popular and very trendy in the Eighties to talk about how XYZ company had restructured to go "lean and mean" into its marketplace. At about the same time, there was a lot of talk about how the U.S. was moving away from being a manufacturing nation into being a "service" nation. There was always something about both notions that bothered me and anybody I could find to talk about them.

For one thing, I always felt that somebody had to make something—something other than hamburger. For another I wondered what became of those people who lost their jobs who were no longer consumers. In my fantasies I thought that perhaps we would have to create a class of people who were designated consumers. If they didn't have the money, we'd have to find a way to give it to them. I haven't been far wrong.

This is not to suggest that a company should not always be willing to cut out unnecessary labor cost. Anybody worthy of the title of manager owes it to his owners (or stockholders) and his company to eliminate any unnecessary cost. But I would hesitate to make this a working goal in and of itself.

If I had invested time and energy into training a talented person, I would want to be able to find useful things for that person to do to help advance the company. Delta Airlines is a company that comes to mind that has always tried to do this—and they haven't done badly. In the not too distant past, it was unthinkable for a long-term employee still doing a good job in the food industry to be suddenly terminated.

The Japanese and the Germans still manage to do pretty well with this attitude (even if it was their cost of dealing with powerful unions). It has its benefits, too, in helping to maintain market stability in such areas as retailing. For example, it isn't too bad to have supermarkets in university towns and state capital towns. Put the two together, and you get such nice markets as Madison, Wis., Columbus, Ohio, and Oklahoma City. These are markets that don't experience big ups and downs in their economies.

Nobody can really make a successful argument for anything but lean production, in the manner of the Japanese car manufacturers. But they do it with lean management rather than by simply eliminating production workers, or by speeding up the line to make everybody work harder and faster.

The point I am attempting to make is that retailers (and of course, wholesalers) should be mighty careful about advocating too strenuously that the general work force should be cut to the bone. Remember, these may be your customers. The same goes for manufacturers of food and grocery products. A lot of the gains in the grocery industry over the past decade, and perhaps since World War II, have been the result of inflation—otherwise known as price increases—not necessarily increases in tonnage. Ask any wholesaler.

We should be mighty careful about advocating too strenuously that the general work force should be cut to the bone. Remember, these may be your customers.

It is also not much discussed, but I suspect that we are just beginning to feel the results of the impact of general computerization or automation (as we used to call it). Everybody in the grocery industry likes to talk about the wonderful application of computers and scanners. But anybody who remembers can tell you that the real reason that most scanners were installed was to "save" money in manhours at the checkstand.

The scanner people did a beautiful job of selling that idea, even if it wasn't true. It wasn't true because there are still several consultants around who can demonstrate that you can train a good cashier in the ten-key pad touch system to be just as fast at pricing and bagging as a scanner-bagger. (Of course there are still advantages to scanning—but largely unused.)

Von Neumann, the father of cybernetics and automation, was very much concerned about the social and economic impact of computers. We are experiencing the impact of both right now in many parts of the country. Of course, it creates new jobs and new industries, you say. And that's right. But the temporary (we hope) dislocations can be serious indeed.

We are experiencing the impact of this in New York, and I suspect other cities, in publishing and in the financial industries for just two. The financial industry is doing just great in New York, but the re-employment has yet to begin. Likewise the real estate industry. In publishing, the computer has replaced whole segments of the industry, in typesetting and four-color reproduction. Indeed, the entire white collar segment of the economy is beginning to feel the impact of automation as much as the manufacturing segment.

We haven't learned to deal with this phenomenon as yet. In fact, we haven't even spent a great deal of time or energy being concerned about it. But department stores have felt its impact. And many cities and metropolitan areas from Stamford, Conn. to Dallas, Tex. have felt it as well. Supermarkets need to worry that they don't follow department stores into retailing oblivion, with their overblown debt service

Continued on page 11

SUPERMARKET BUSINESS

EDITOR-IN-CHIEF
Kenneth P. Partch

MANAGING EDITOR
Richard DeSanta

SENIOR EDITOR/RESEARCH
David Litwak

EDITORIAL ASSISTANT
Arlette White

ART DIRECTOR
Jerry Tortorella

RESEARCH EDITOR
Nancy Maline

CONTRIBUTING EDITORS
Frank Hammel
Produce: **Barney H. McClure**
Food Prep: **Elaine Reader**
Technology: **Richard Shulman**
Washington: **Ken Rankin**
Store Planning: **David Rogers**
Management: **Jack Cohen**

PUBLISHER
Jeffrey A. Schaeffer

ASSOCIATE PUBLISHER
Carol Fenshott

VICE PRESIDENT
CIRCULATION DIRECTOR
Frank Marino

PRODUCTION DIRECTOR
Gregg Weatherby

MANAGER SUPPORT SYSTEMS
Rachel Crouchelli

ADVERTISING SALES
EAST COAST

REGIONAL
SALES MANAGER
Don Rocco

SALES DEVELOPMENT
DIRECTOR
Janet Isenberg

MIDWEST

VICE-PRESIDENT, NATIONAL
ACCOUNTS
Dave Wishard

REGIONAL SALES MANAGER
John Sonderegger
3601 Devon
Chicago, Ill. 60659
Phone: (312) 478-6494
Fax: (312) 478-5046

WEST COAST

Sue Marritt
20700 Ventura Blvd., Suite 310
Woodland Hills Calif. 91364
Phone: (818) 340-4666
Fax: (818) 346-9700

VICE PRESIDENTS
Carol Fenshott
Kenneth P. Partch

VICE PRESIDENT-
ADMINISTRATION
Catherine Cahill

CORPORATE OFFICERS: HOWFREY COMMUNICATIONS, INC.

CHAIRMAN & CEO:
Jeffrey A. Schaeffer

PRESIDENT & COO:
Howard Ackerman

SUPERMARKET BUSINESS Magazine (ISSN 0196-5700) is published monthly by Howfrey Communications, Inc., 342 Madison Ave., New York, NY 10173 Telephone: 212-867-2350. U.S. subscriptions $65 per year; Canada, $75 per year. Foreign subscriptions $110 (seamail), $233 (airmail), per year. Single copies $7, except Consumer Expenditures Study (September issue) $35 per copy. (Discount prices available on multiple purchases.)

Copyright © 1992 Howfrey Communications, Inc. All rights reserved.

SUPERMARKET BUSINESS is a registered trademark of Supermarket Business Inc. Second class postage paid at New York, N.Y., and additional mailing offices.

All circulation inquiries to: SUPERMARKET BUSINESS, P.O. Box 175, Winchester, MA 01890

SUPERMARKET BUSINESS
instore
BUSINESS

STILL COOKING
AFTER ALL THESE FEARS

Retailers were afraid the recession would stifle foodservice sales. But the second straight year of better-than-20% growth proved that even for the thriftly, time is money.

FIFTH ANNUAL
FOODSERVICE
OPERATIONS REVIEW

DAVID LITWAK AND NANCY MALINE

The old saw about supermarkets surviving hard times because "people have to eat" may be ripe for a new wrinkle. A more timely truism may be that "People have to eat, but they don't necessarily have to cook."

In July of 1991, SUPERMARKET BUSINESS reported that even in the face of such severe recession, supermarket foodservice would not fade away, but would in fact continue growing.

A year later, it appears that consumers have indeed said "the recession be damned, we want—no, we need—our supermarket foodservice!"

For the second consecutive year, foodservice sales through supermarkets increased by more than 20%. In fact, volume through the industry's deli/prepared food operations was up by a juicy 29% in 1991, topping the previous year's healthy 22% upswing.

The percentages translate to total supermarket foodservice sales of $6.11 billion in 1991, up dramatically from $3.88 billion just two years before.

Why are the sales numbers so strong alongside very little real growth in total supermarket sales, and less than sparkling results for other segments of the foodservice industry, including fast food outlets and other restaurants?

Part of the answer lies in sheer unit growth. In 1991, 20,230 supermarkets had prepared foods programs aligned with their instore deli operations. That meant that 92% of the stores with service delis were offering prepared foods in those sections.

Some 7% of those foodservice programs were new last year, meaning that 1,353 of the nation's supermarkets offered prepared foods to their customers for the first time in 1992.

Despite the rise of instore restaurants, cafeterias and snack bars, supermarket foodservice remains largely a production of the deli department. Nearly 70% of all prepared food sales are transacted in the delis, and where instore eateries exist, they too are generally run by deli management.

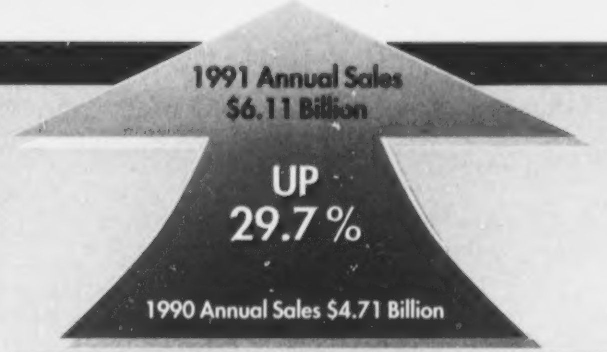
This infusion of new foodservice departments was complemented by significant sales hikes in existing units. In 1990, supermarkets in the prepared food business averaged $4,798 in weekly foodservice sales—last year the number jumped to $5,808, an increase of 21% in weekly sales per store.

PREPARED FOODS CENSUS

That the overwhelming majority of deli sections now offer prepared foods reflects the popularity of these programs. Ninety-two percent of all instore delis offer prepared foods, with most departments offering wares both hot and cold. Historically, hot foods have had the edge in terms of deli offerings. But refrigerated items were also "hot" this year, with 82% of operators offering both, and they may be about to overtake the heated varieties.

Prepared foods can boast over $6 billion sold in 1991, giving traditional fast food outlets something to chew on. This represents an improvement of nearly 30% over the previous year's foodservice sales. Weekly sales averaged $5,808, which boils down to approximately $1,000 more per week compared with 1990.

The 2.9% share of store sales credited to prepared foods must be weighed along with the category's high profitability. Foodservice kicks in an average of 6.4% of overall store profits, by virtue of its high (52.7%) gross margin.



Prepared Foods Sections

	Total Units With Instore Delis Selling	% of Supermarkets With Delis Selling Prepared Foods
Any Prepared Foods (hot or cold)	**20,230**	**92%**
Hot Foods	**18,030**	**82%**
Refrigerated Prepared Foods	**18,045**	**82%**

7% of these stores started selling prepared foods in 1991.

Sales & Profits

Prepared Foods Share of Total Store Sales

Mean **2.9 %** Median **3.0%**

Contribution of Prepared Foods to Store Profits

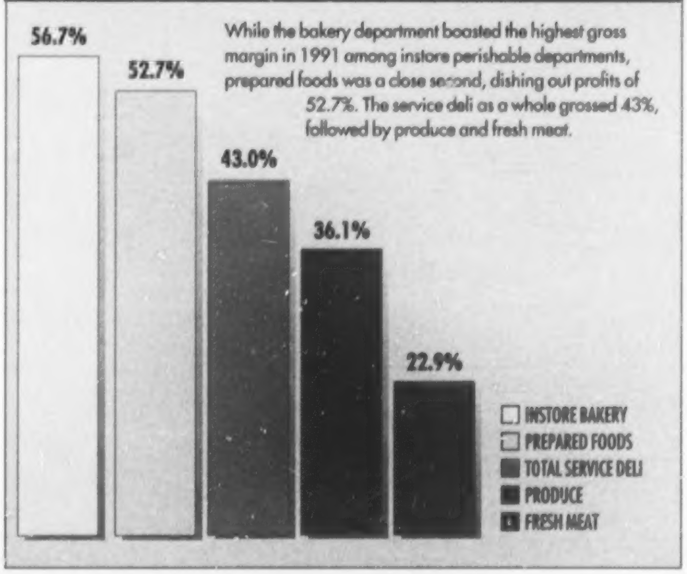
Mean **6.4 %** Median **8.0%**

Average Weekly Sales Mean **$5,808**	Median **$6,200**
$4,000 or Less	**10%**
$4,001 – $5,000	**40**
$5,001 – $6,000	**43**
$6,001 or more	**7**

Average Gross Margins Mean **52.7%**	Median **48.0%**
Less than 40%	**1%**
40 – 50%	**22**
51 – 55%	**38**
56 - 59%	**35**
60% or more	**4**

GROSS MARGINS OF VARIOUS STORE DEPARTMENTS

While the bakery department boasted the highest gross margin in 1991 among instore perishable departments, prepared foods was a close second, dishing out profits of 52.7%. The service deli as a whole grossed 43%, followed by produce and fresh meat.



And the vast majority of operators enjoyed increased sales, with 70% reporting foodservice volume gains, and flat or down years experienced by only 20% and 10% of respondents respectively.

The average weekly increase among supermarket foodservice operators was $1,010. Multiplied by a base of 20,230 stores, that figure spirals to $1 billion in additional identical store sales industry-wide for the year. Factoring in the volume of the 1,353 new departments added during the year brings the total foodservice sales up to the $6.11 billion mark.

On the most basic level, supermarket foodservice sales reflect the consumer's continuing demand for good, convenient foods—a demand the industry is satisfying. But while this explains the category's basic appeal, its exceptional rate of growth over the past two years implies additional factors.

Also at work here is the fact that, increasingly, these sections have literally become staple departments for more and more families. As SUPERMARKET BUSINESS predicted several years ago, the deli counter and self-service case have in fact worked their way into the family's eating rotation.

For the busy two-income household, it used to be take-out chicken one night and pizza the next, with a frozen entree a third night. Now it is more likely that the chicken or pizza will be from the supermarket deli, and that the frozen entree has been replaced by a selection from the deli's prepared entree case.

Once the consumer accepted supermarket fare as an agreeable alternative to free standing take-out or fast food outlets, the deli counter became a destination unto itself, instead of either a "pass-by" or center for impulse sales.

With the ongoing consumer need for convenience coupled with health and diet consciousness, supermarket foodservice departments have evolved as they've grown.

As for distribution within the department, entrees were the largest gainers in 1991. Both hot and cold varieties increased their shares of sales by 1.1%, with the former currently at 11.7% of prepared food sales, and the latter occupying a 10.1% share.

This indicates that consumers are more willing to buy more sophisticated," middle of the plate" items from the supermarket. No longer is the supermarket prepared foods program a collection of fast food-type products. All indications are that entree items, especially in refrigerated form, will continue to post substantial growth progress for supermarket operators in the next few years.

The opposite was the case for many stores' sandwich programs during 1991. Sandwiches lost some of their sales share, falling to 13.8% from 1990's 14.2%.

While the sandwich business is still very important to many foodservice programs, its drop in share, viewed alongside the gains chalked up by entrees, illustrates that supermarket foodservice sections have become more of an "evening sell." Again, it's an example of main meal acceptance by consumers.

At the same time, consumers appear to be shying away from some of the old favorites, tangible evidence of the movement to healthier eating. Fried and barbecued chicken has always constituted the largest prepared food category, and it remains so. However it lost some of its sales share last year, dropping to 16.9% of total sales, as many people abandoned deep-fried foods and heavy barbecue sauces.

Some of those consumers who remained devotees of store-prepared chicken switched to chicken that is either fried in lighter, lower-cholesterol oils, barbecued with lighter sauces and seasonings, prepared skinless or broasted. Many retailers have begun offering chicken prepared in these ways as an alternative.

Pizza, everybody's favorite fun food, is rapidly becoming the most popular item in the supermarket prepared foods aisle. Currently the number two item, its 15.9% share is closing in on chicken. The supermarket is beginning to compete successfully with the likes of Domino, Pizza Hut and the local pizzeria, especially in cases where a pizza meal has been planned in advance.

The supermarket foodservice program has been successful in parlaying all of these variables into sales. Not only has it increased its overall sales dramatically, but it has increased its contribution to the store as a whole.

Sales of prepared foods now account for an average of 2.9% of the total sales of the stores that offer them. This is up from 2.7% in 1990. More important, these sales generally contribute about 6.4% of the store's profits. The section's gross margins average 52.7%, second only to the instore bakery storewide.

With the convenience appeal of prepared foods balanced against economics, the pivotal question before foodservice operators is whether to make their own wares or buy them.

In the days when most retailers were just getting into foodservice, the initial inclination was to buy their products from a foodservice purveyor. Then came the move to cut off the fast food operators on a platform of quality, through better assortments of foods produced on-site. Headhunters were sent to scour restaurant kitchens for chefs ready to defect to the supermarket.

Multi-store operators took the lead in developing standardized prepared foods pro-

PREPARED FOODS: SALES, LABOR, PRODUCTS

1991 was an excellent year in the prepared foods business. Seventy percent of supermarkets reported volume increases, and those gains averaged 23.1%. Only 10% experienced a drop in prepared food sales. The remaining 20% say business was status quo.

Labor costs as a percentage of sales was somewhat higher in 1991 than in the previous year (28.6% vs. 24.8%), due in part to increased instore preparation. This cost should be offset down the road with the trend moving from instore to supplier preparation, as well as a shift toward greater self-service emphasis. Additionally, fewer departments are employing trained cooks (14.6% compared with 17.8% in 1990).

Prepared chicken remained first on the foodservice shopping list in 1991, although it was a scratch less popular than in 1990 (16.9% vs. 18.6%). Pizza, representing the second largest slice of the prepared foods pie, is ordered nearly as often (15.9%) as chicken. Sandwiches round out the top three foodservice items with a 13.8% share of sales. The "hot" items to watch are both hot and cold prepared entrees, which continued to pick up share in 1991.

Changes in Dollar Sales of Prepared Foods (1991 vs. 1990)

Average Reported Increase **23.1%**

Higher	**70%**
No Change	**20**
Lower	**10**
TOTAL	**100%**

How Much for Labor? Mean **28.6%** Median **25.0%**
(As percent of prepared food sales)

Less than 15%	**6%**
15 – 24	**42**
25 – 34	**45**
35 and over	**7**
TOTAL	**100%**

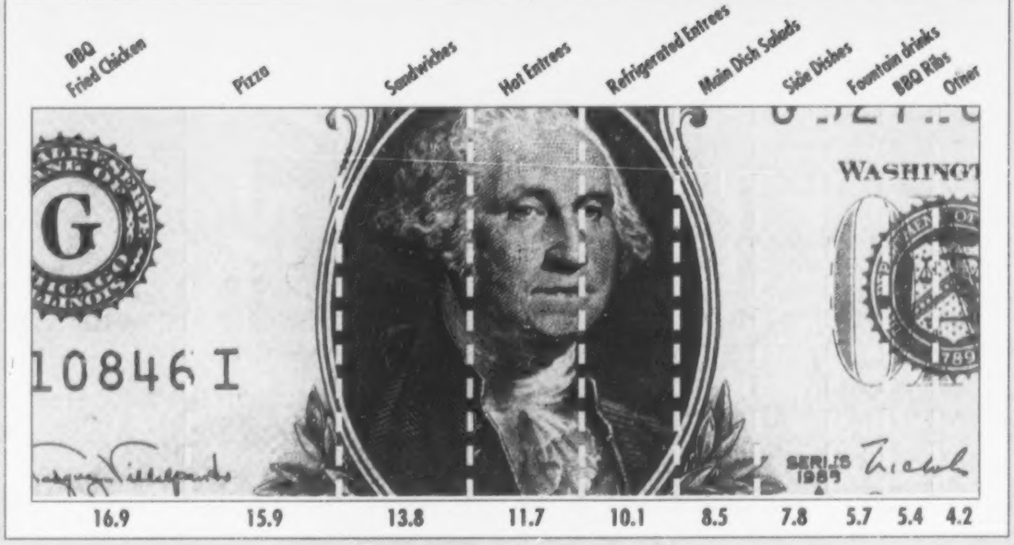
Percent of Total Prepared Foods Through...

Service Deli	**68%**
Separate Hot Service Counter	**7**
Self-service Refrigerated Case	**25**
TOTAL	**100%**

Is the Foodservice Distributor Owned By or a Division of Grocery Wholesaler? Yes **10%** No **90%**

What Percentage of Instore Cooks Are Trained Chefs? **14.6%**

DISTRIBUTING THE FOODSERVICE SALES DOLLAR (%)



PREPARED FOODS MERCHANDISING & PRODUCTION

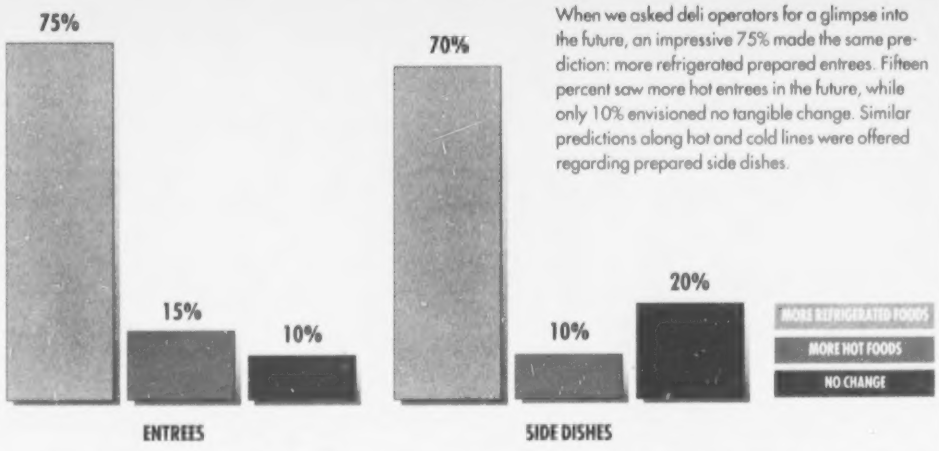
According to retailers, most (67%) of the food preparation is performed by foodservice suppliers. Remaining food prep is done instore from scratch (33%). These methods are apparently satisfactory, with 60% of operators anticipating that reliance on outside suppliers will increase further in the future, with the curtailment of on-site preparation alleviating the necessity of trained chefs on staff. As for supply, foodservice distributors are the primary purveyors (73%) of prepared food items. The rest of the items are taken from store inventory (19%) or provided by the wholesaler (8%).

How Food Products Are Produced	
Bought from Foodservice Supplier	67%
Instore from Scratch	28
Bought from Local Restaurant/Caterer	1
Central Company Kitchen	4
TOTAL	**100%**

In Which Direction Do You See Foodservice Preparation Going in the Future?	
More Instore	30%
More Central Kitchen	10
More Foodservice Supplier	60
TOTAL	**100%**

Sources of Foodservice Products and Ingredients	
Foodservice Distributor	73%
Grocery Wholesaler	8
Taken from Store Inventory	19
TOTAL	**100%**

TRENDS IN PREPARED FOODS MERCHANDISING YOU EXPECT IN THE FUTURE



When we asked deli operators for a glimpse into the future, an impressive 75% made the same prediction: more refrigerated prepared entrees. Fifteen percent saw more hot entrees in the future, while only 10% envisioned no tangible change. Similar predictions along hot and cold lines were offered regarding prepared side dishes.

grams that could be rolled out chainwide. Central kitchens were evaluated and, in some cases, implemented. But when the dark specter of product safety liability reared its head, many operators quickly pulled back to the "let's buy it" mode.

Today, just over two-thirds of foodservice merchandise is bought from specialized suppliers, 28% is made instore, 4% comes from central company kitchens, and perhaps 1% emanates from local restaurants or caterers.

While the use of foodservice suppliers is still preferred, instore cooking is on the rise. A year ago, 72% of the prepared products were bought from outside suppliers, and just 24% was made in retailers' kitchens.

And yet, based most likely on the cost efficiency issue, 60% of our survey respondents predicted that there will once again be a greater emphasis on buying from outside in the future. Accordingly, the employment of trained cooks seems to be diminishing. About 15% of the instore staffs were professional chefs in 1991, compared with almost 18% in 1990. The move to more use of purchased foodservice items combined with in-house training efforts should bring this down even further.

The increase in instore cooking has, of course, had a negative effect on labor costs. In 1991, the average foodservice operation spent 28.6% of its sales to cover labor, up from the 24.8% of a year ago.

Along with competition, labor ranks as the biggest challenge facing supermarket foodservice operations, according to retailers. This applies to the difficulty of finding and training high quality workers, as well as the strict cost factor. Here again, both elements will in all likelihood speed the emphasis on the use of outside suppliers, as well as more self-service merchandising.

At present, about 25% of prepared foods sold in supermarkets are selected by customers from self-service cases, up from 23% a year ago. A majority of retailers (54%) believe that their operations will include more self-service merchandising in the future.

Aside from labor and competition, quality was the other major issue that operators said they grappled with. Quality, which includes the elements of freshness, taste, product integrity and safety, has long been both a source of pride and worry for supermarkets.

The issue is critical, because the perception of higher quality has brought many consumers into the supermarket at the expense of the fast food outlet. Moreover, the quality/convenience tandem are always revealed by consumer research to be the two major reasons for shopping supermarket prepared foods sections.

Today, just over two-thirds of foodservice merchandise is bought from specialized suppliers, 28% is made instore, 4% comes from central company kitchens, and perhaps 1% emanates from local restaurants or caterers.

No longer just a place to buy food and go, the supermarket has become, in many cases, a place where the customer can sit down and enjoy some of his or her purchases, or where a worker can pause to enjoy a quick lunch before heading back to the office.

Almost 17,000 supermarkets now boast sit-down eating areas, ranging from small "nooks" with a few chairs and tables to cafeteria-style facilities, to full-blown restaurants.

About 500 snack bars were added in 1991, bringing the total number in operation to 3,079, some operating as freestanding food vending stations within the stores, and others attached to the deli and/or bakery departments.

Full-fledged cafeterias and restaurants are the exceptions in supermarkets, but they are beginning to make their presence known. Currently there are 571 in operation. These sections tend to be destinations unto themselves, and are often located in stores where strong lunchtime or breakfast trade is characteristic of the community.

Snack bars and cafeterias are attractive choices for many operators because they help draw customers and keep them in the store longer, and enjoy high gross margins as well. The average gross for a snack bar in a supermarket is 51.6%, while the average instore cafeteria does an even healthier 61.3%.

Another foodservice offering that is high on the margin scale is off-premise catering, with average margins of 58.3 percent. Whether providing simple party trays, or more elaborate selections, many retailers are finding catering services to be both profitable, and a good way to extend the influence of their foodservice sections beyond the quick, convenient meal.

An emerging development to watch is the "food court" concept, and instances of individual fast food franchises being established within the walls of supermarkets. However to date, less than a single percent of the foodservice sections in supermarkets are either leased operations or franchises.

EATING AREAS

An increasing number of retailers are providing customers with convenient places to enjoy their purchases. Seventy-seven percent of all supermarket delis feature eating areas. However, only 3% of the stores have actual restaurants, probably because they require a fair amount of space (1,433 square feet, on average).

Snack bars and restaurants/cafes add to the operational details confronting deli managers, but it appears the burden is well justified by incremental profitability. These eateries boast high gross margins (better than 50%), and operators feel that they help to enhance their stores' overall image and attract customers. At present, very few supermarket foodservice operations (less than 1%) involve outside fast food or restaurant organizations.

Most stores (98%) use their newspaper ads to promote foodservice departments. Sampling (90%), store circulars (85%) and point-of-purchase materials (55%) are also used extensively.

Stores with Eating Sections

	Number of Supermarkets	% of Stores With Delis that have:
Snack Bars	**3,079**	**14%**
Sit Down Restaurants/Cafes	**571**	**3%**
Sit Down Eating Areas	**16,932**	**77%**
Drive-through Areas	**–**	**(less than 1%)**

Average Gross Margins

Snack Bars	**51.6%**
Restaurants/Cafeterias	**61.3**
Off-premises Catering	**58.3**

How Sections Are Managed

	By Deli Dept.	As Separate Section
Snack Bars	**100%**	**–**
Restaurants/Cafeterias	**80%**	**20%**
Off-premises Catering	**98%**	**2%**

Do You Consider Instore Eating Facilities:

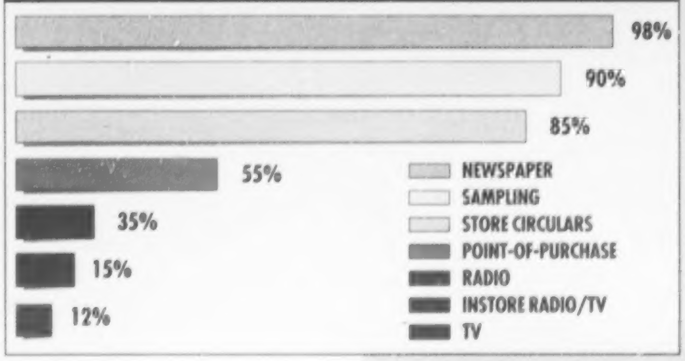
Image/Traffic Builders	**12%**
Profit Centers	**0**
Both	**88**
Total	**100%**

Percent of Foodservice Sections That Are Franchised Fast Food Outlets Mean **<1%**

Percent of Foodservice Sections That Are Leased to Local Restaurateurs Mean **<1%**

Average Size of Sit-Down Restaurants/Cafeterias: 1,433 sq. ft.

ADVERTISING AND PROMOTION OF INSTORE FOODSERVICE

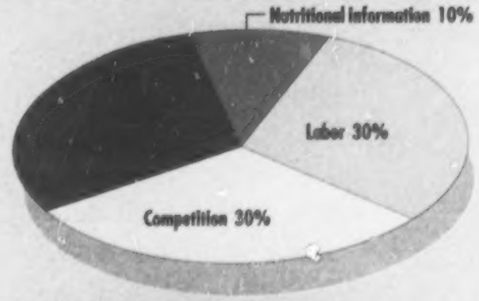


ISSUES

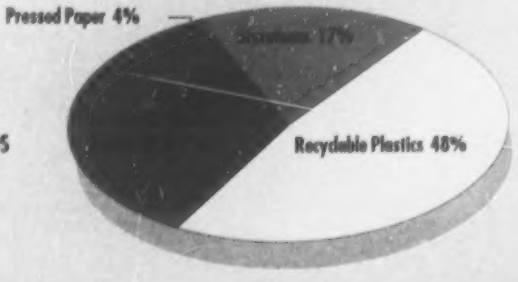
Retailers' biggest concerns concerning foodservice operations are labor and competition, each cited by 30%. In addition, quality (20%) and nutrition (10%) concerns underscored the ever-present food safety issues.

Foodservice operators are also preparing for stricter recycling laws, since roughly half (48%) of the packaging now being used is made of recyclable plastic. A third of the plastic packaging remains non-recyclable (31%) while Styrofoam is headed for the endangered species list; only 17% of current packaging uses the material. Pressed paper, currently constituting only 4% of packaging, is expected to be the most popular replacement for Styrofoam, because it is a lower-cost alternative to plastics.

MOST IMPORTANT SUPERMARKET FOODSERVICE ISSUES



PACKAGING USED IN PREPARED FOODS



SUPERMARKET BUSINESS
NONFOODS BUSINESS
INSIGHTS FOR MANAGEMENT AND THE GM/HBA SPECIALIST

MINI VS. MICRO

A PHOTO FINISH

What's the best configuration for instore film processing, the proven mini-lab, or the newer micro-lab? Both do the job, but offer different benefits, as Randall's and Hannaford discovered.

BY DAVID VACZEK

There was a time when supermarkets offering photo development were more than satisfied with the "out-lab" business. And why not? It provided repeat, high-margin, high-ticket sales in service cubbies as small as 16 square feet.

But the grocery chains began to sense a threat to that business, when other merchants, including drug chains, discounters and wholesale clubs, saw that consumers were willing to pay a few dollars more for same-day service, and began installing instore labs.

Those who jumped in found that a film/photo department built around a minilab installation projected an image of professionalism in the photo business. In addition to helping them capture the growing "one-hour" demand, the attention and traffic drawn by the new configurations also boosted their stores' out-lab sales as a bonus.

With that awareness came impressive development by retailers over the past five years. By 1990, supermarkets, drug stores and discount stores were operating about 2,000 of the 14,000 mini-labs doing business nationwide, according to Photo Marketing Association estimates.

More recently, the emergence of micro-labs has added another new dimension to the business of in-store processing. By collapsing the mini-lab's film processing and photo processing machines into one box, the micros offered a significantly smaller foot print.

Perhaps more importantly, they are said to be easy to use, and thus require less training and labor in their operation, a concern in a labor-tight market place where many retail chain employees are students and elderly people working part-time.

Wholesale processor Qualex has barreled into the one-hour business with its "ExpresStop" "turnkey" program for retailers, in which Greytag and Noritzu micro-labs are leased to the retailer along with a comprehensive program of support service and materials.

The success of a retailer's mini-lab or micro-lab installation is contingent on many factors, not the least of which is the retail pricing that markets will support. Prices vary from market to market and even from zone to zone within markets, as stores compete for both business and non-business customers.

A micro-lab, whether purchased or leased, offers a lower up-front cost, but the retailer is committing to a lower-capacity machine which may or may not handle the roll volume the store generates.

Complicating the decision is the fact that technology will likely continue to evolve, producing smaller, more automated, and easier-to-use micro and mini machines.

Both Randall's Foods in Houston and Hannaford Bros. of Scarborough, Maine have offered customers instore processing services for several years. But their approaches differ, with one favoring departments built around mini-labs, and the other committed to micro-labs.

Here are the reasons behind their respective strategies.

Continued on page 56

RANDALL'S

A VOTE FOR MICRO MARKETING

SERVICE CENTER

SERVICE CEN

Mini-labs were at the industry's cutting edge when Randall's Food Markets, Inc. began installing the first of six of the labs in Houston stores four years ago. But today, a new picture of the film/photo business is developing at the chain.

Since November, a sizable percentage of exposures made for customers paying for one-hour service have been cranked out by Noritzu micro-labs. Bill Harris, Randall's vice president for non-foods, likes the picture he sees emerging in the micro-lab program.

Though the labs process only the 35mm format, and in only a single size (four inches by six inches), Randall's has found they meet about 80 percent of customers' demand for one-hour processing. And those sales materialize in a space about one-eighth the size required for mini-lab departments, Harris says.

But the main advantages have been noted on the cost side. Labor costs with the user-friendly micros could be as low as a quarter of the tab for a mini-lab installation. And Randall's avoided the large equipment and lease-hold investment required for the mini-lab, by leasing the micro machines from Qualex in the wholesale processor's "turnkey" program. But even if the retailers opts to purchase the micro units, the cost will be a third that of mini-labs, says Harris.

"With the mini-labs, you are offering services that are nice, but are they really profitable?" Harris says, noting that customer requests for the less popular print sizes or for special services such as photo enlargement can be handled through the "overnight" service.

"The micros perform basically the same function, for 80 percent of the business. I think they're the wave of the future; satisfying the need for one-hour processing, with less labor," Harris says.

Harris has micro-labs in 11 Randall's stores currently. Labor costs are held down as the "walk-away" ease of use has allowed them to be operated by employees who are also committed to other jobs. In the Randall's stores, the labs are sited adjacent to the video departments where service personal are already employed.

The video desk associates operate the Noritzu micro-labs, which, by combining photo processing and printing in one box, eliminate the need to retrieve processed film for loading into a separate printing machine. Correction of print color and density, handled by the associate on a keyboard in many retail mini-lab installations today, is accomplished by the machine.

The Randall's micro-lab stores have found that the customer flow for one-hour photo service dovetails well with that of the video department: film processing demand is heaviest from 10 a.m. to 2 p.m., with demand for video service strongest from 3 p.m. to 9 p.m.

Though the labs process only the 35mm format, and in only a single size (four inches by six inches), Randall's has found that they meet about 80% of customers' demand for one-hour service.

The micro-lab has been described by vendors, which include Greytag and KIS, the French owner of the PHOTO-GO micro, as a "foot-in-the-door" machine; the retailer uses the micro to build demand for one-hour business, then graduates to a higher-capacity mini-lab to handle the demand.

Harris has found, though, that the stores can "pretty comfortably" offer the "one-hour" service with the micros. The small labs have sufficient capacity in most cases to handle one-hour demand, which averages about 25 percent of the rolls processed at Randall's. Processing up to four rolls at a time, with 25 minutes to clear each one, the Noritzu lab prints seven rolls in an hour. That's a sufficient rate even at peak demand, which can exceed 50 rolls a day.

Selling "one-hour" rolls at $9.99 for 24 exposures, Harris says Randall's' volume today provides an adequate return on the investment, which includes paying Qualex a monthly lease cost and a fee for each exposure printed.

Harris feels that micro-lab installations provide enough in-store visibility to tell customers Randall's is committed to the business; whole- sale development volume has increased in double-digits in stores with labs.

Randall's, meanwhile, vigorously pursues such business clientele as law offices, engineering companies and real estate firms, which account for 60 percent of cur-

Continued on page 58

HANNAFORD

A MINI-FOCUS ON THE IMAGE

One-Hour Photo

FUJI MINILAB

Hannaford's 230-square-foot photo centers feature a full-service range of film development, along with the sale of photo-related items.

When an amateur picture-taker walks into a Hannaford Bros. supermarket with his color film rolls of junior's graduation or of the family picnic tucked in his pocket, he should be hit with a comforting sales message ... namely that he can trust the store with his irreplaceable photos, says Brad Wirth, photo specialist for the Hannaford Bros. Co.

Projecting a professional image that fosters such customer trust is a key element of Hannaford's strategy for its film/photo business. Its Shop 'N Save stores create a picture of expertise with their "Photo Central" film departments. Hannaford's 230-square-foot photo centers, in 11 supermarkets to date, feature a full-service range of film development, along with the sale of photo-related items including film, cameras, picture frames.

White-lab-coated technicians, who are dedicated to the film centers, use Fuji mini-lab equipment, including a film processor and paper printer processor, to provide prints in all sizes up to 6 inches by 8 inches (presently excluding wallet size) for 35mm and 110mm film formats.

The labs can print photo enlargements. They process film in black and white, meeting the occasional demand of business customers. Photo-printing on tee shirts, mugs and puzzles is offered on an out-lab basis. "Photo Central" today is experimenting with photo imposition on greeting cards, which would be offered with a maximum two-day turnaround compared with the several-week wait typically required for the service through a wholesale lab, says Wirth.

"You have to show you are in the business of developing pictures. A full-service department gets more attention. It establishes a stronger presence within your store, with better service levels, variety and quality. That's how you build one-hour roll volume." With a photo department built around a mini-lab, you can give 100 percent to the category," Wirth says.

Hannaford installed its first mini-lab in an Albany, N.Y. store two years ago. After a testing period, it then rolled out the ten others, starting in the fourth quarter of 1991.

Plans are to put more labs into select new stores in favorable markets, including those in which stores enjoy sizeable tourist and/or business trade, and in units whose current overnight processing business is strong.

The chain entered the instore processing business to go after the growing one-hour business, and to profit through increased overnight business and the lucrative sale of photo-related products. The third reason was defensive: to protect a high-margin, high-profit overnight business that was increasingly threatened by other retailers who were installing their own in store departments in establishing high-profile presences in the photo busi-

Continued on page 58

NEW
ALPS®
WE ARE THE MOUNTAIN HIGH™
SUPER PLUS™
ACTUAL SIZE

AVAILABLE
IN 50 PCS.
COUNTER
DISPLAY
TRAY
OR
SINGLE PK.
BLISTER.

For more informations:
(213) 802-7618
SHENS INT'L CO., USA
P.O. Box 433, Los Alamitos, CA 90720
Fax (213) 802-8311

RANDALL'S

Continued from page 56

rent volume.

Regarding inventory and maintenance expenses, Harris believes the Qualex program is the lowest cost source for these materials, and that's reflected in the margins Randall's earns from Qualex-developed rolls. "There's no way you can purchase with the efficiencies of a high-speed lab," said Harris.

By sending out popular, three-inch print orders to Qualex in addition to "overnight" service, both of which are priced dollars less than "one-hour" 4 by 6 prints, the stores also save on labor costs and equipment wear and tear.

Qualex delved into the in-store processing business about a year-and-a-half ago as a strategic move to cater to the growing demand for one-hour and same-day processing at retail stores. The program was also seen as a means for Qualex to protect its overnight business, which retailers might be tempted to run through their high capacity labs during idle periods.

Randall's experience proves the advantages of the Qualex micro-lab-based program, argues Tom Broderick, general manager, on-site processing division.

"With a micro-lab you can handle anywhere from 30 to 60 rolls a day. The average mini-lab today is doing less than 40 rolls a day. Our program allows the retailer to generate tremendous profit per square foot, while Qualex takes care of many of the hassles," says Broderick. ■

> **"With the mini-labs, you are offering services that are nice, but are they really profitable?" Harris says, noting that customer requests for the less popular print sizes can be handled "overnight."**

HANNAFORD

Continued from page 56

ness, says Wirth.

The new photo departments had to stand on their own as profit centers, meaning that sales and profits would be weighed against the total costs to obtain a true picture of the investment performance. The costs include the equipment and lease-hold improvements, as well as labor.

Though the program today is still, Wirth says, in its "infancy," the mini-labs are meeting the projected goals. The out-lab business in the one-hour stores has been boosted "substantially," as have sales of ancillary photo items. One-hour traffic is meeting projections. To handle the processing demand for one-hour, which is increased by a double-print program in which the stores give a second set of prints free, the chain in fact has moved from lower to higher-capacity mini-labs.

"There's no way we could do our present roll volume with a micro-lab," says Wirth, noting that the one-hour demand accounts on average for over 30 percent of rolls developed.

The labs practice zone pricing. A typical price for developing a 24 exposure roll of 35mm film in one-hour is $7.99. Overnight for that roll is $6.97. "The gross margin (on the one-hour service) is substantially higher to justify the cost of space and machines," Wirth notes.

The "Photo Centrals" are open 9 a.m. to 9 p.m. Each lab is staffed by a lab manager, a second full-time lab technician, and part-time help. "Labor is a big cost, but we try to be flexible in scheduling."

Wirth says marketing to business customers is a crucial element since real estate agents, police departments, and auto insurance companies can provide a steady core of demand. Hannaford details such perspective customers.

The everyday consumer cannot be taken for granted either. "Everybody's fighting for a piece of the pie. You have to tell people you're in the business, and educate the consumer. We have the foot traffic to go after this business," says Wirth. ■

Manicare
SCISSOR/CLIPPER SPECTACULAR
$55.80 IN FREE GOODS

GET 36 CLIPPERS FREE! WHEN YOU PURCHASE 36 SCISSORS

QUALITY STAINLESS STEEL SCISSORS PRICED TO SELL
•HIGH PROFIT •HIGH VISIBILITY
•QUICK STOCK TURN •INCREASE IMPULSE SALES
•COMPACT DESIGN
Contents: 6 SKUS, 72 UNITS UPC # 34533 91905

#		Qty.	Sugg. Retail
30800	Baby Safety Scissor	12	$5.95
31200	Nail Scissor	12	$5.95
31400	Cuticle Scissor	12	$5.95
44600	Nail Clipper w/Chain	12	FREE
44700	Nail Clipper Large	12	FREE
44800	Nail Clipper Deluxe	12	FREE

LAST ORDER: July 17, 1992
(Subject to Availability)
SHIPMENT: through July 17, 1992
One Order One Shipment
SPECS: 17"L x 10"W x 5"H
CUBIC: 0.49 Feet
WEIGHT: 6.25 lbs.
Supplied With Counter Display

Contact Your Local Representative or Call 1-800-365-3636
Manicare All Manicare Products Are Backed With A Lifetime Satisfaction Guarantee

MINI/MICRO PAYBACK SCENARIOS

Retailers contemplating instore labs have to project the roll volume their stores will generate, and consider many costs. Discounts for volume purchasing of equipment and material may be a factor. Purchased equipment has a throwaway value. Leasehold improvements can be required. There will be inventory costs, waste incurred in film development, and the cost of prints rejected by customers. A typical program can yield double-digit returns, according to these scenarios, provided by Fuji Photo and Qualex.

This breakdown applies to a Fuji Compact II mini-lab, processing 40 rolls a day at an average retail price of $8.95, and Qualex's "ExpresStop" micro-lab program with a Noritzu unit processing 40 rolls a day at an average retail price of $8.95.

Monthly Costs/Return	**Micro***	**Mini****
Amortization	$ 800[1]	$ 1,295
Paper	2,352	5,200[2]
Misc.	100	N/A
Service	275	N/A
Labor	4,800	1,470
Utilities	200	100
Phone line	N/A	50
Total Cost	**$8,527**	**$8,115**
Return	$10,740	$10,740
Net pre-tax profit	2,213	2,625
Profit to sales	**21%**	**24%**

[1] $42,000 purchase price spread over five years

[2] @ $0.17 per print fee

*Source: Fuji photo Film U.S.A., Inc.

** Source: Qualex Inc.

SUPERMARKET BUSINESS

$7.00
PER COPY

VOLUME 47/NUMBER 8
AUGUST 1992

THE THINKING PUBLICATION FOR THINKING PEOPLE

HAS THE EDI TRAIN LEFT THE SUPERMARKET STATION?

At Tesco in the UK, EDI Pays Off Big
PAGE 26

Shaw's David Jenkins Calls for Action
PAGE 24

Mass Merchandisers: Way Out Front
PAGE 15

ALSO IN THIS ISSUE: ■ MEAT STUDY ■ GM REVIEW

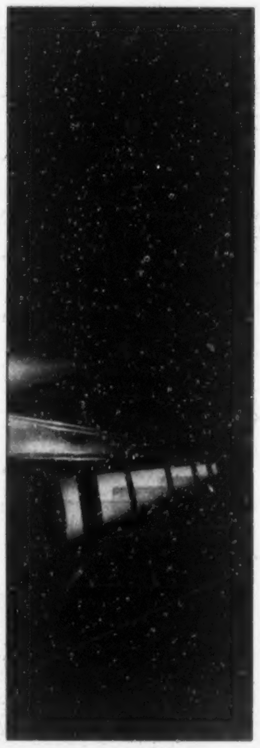
****************** 5-DIGIT 20814
64 5BSC4580916
CONGRESSIONAL INFO SERVICE
CONGRESSIONAL INFO SRV INC
4520 EAST-WEST HIGHWAY
BETHESDA MD 20814

SUPERMARKET BUSINESS

AUGUST 1992

VOLUME 47
NUMBER 8

THE THINKING PUBLICATION FOR THINKING PEOPLE



COVER ILLUSTRATION: DOUG ARCHER

ON THE COVER

Can the supermarket industry catch the EDI train before it's too late?

COVER STORY

15 **Has the EDI Train Left The Supermarket Station?**

Carol Fensholt The rest of retailing has outstripped U.S. supermarkets in using information technology. Can we catch the train before it's too late?

- **16** New US, worldwide EDI initiatives announced.
- **23** Take the Supermarket Business EDI Challenge!
- **24** Shaw's David Jenkins calls for action.
- **26** At Tesco, Sales-Based Ordering raises profits.
- **61** Open systems key to EDI, equipment vendors say.

FEATURES

11 **Category Management: Launching Pad For Distribution Improvements**

Richard E. Shulman Distributors who aspire to more efficient inventory management must switch their procurement emphasis from strict investment buying to category management.

29 **Third Annual Meat Operations Review**

David Litwak and Nancy Maline The once-beloved "fatted" calf is headed for the gym, as the industry puts its money on leaner lines to put meat back on the table.

INSTORE BUSINESS

35 **Genuardi's: Not Nervous About Their Service**

Frank Hammel Local pricing pressure has larger rivals "chained" to the labor-cutting mode. But this convenience conscious independent defies the choppers to steal their shoppers.

NONFOODS BUSINESS

49 **Third Annual General Merchandise Review**

David Litwak and Nancy Maline Last year's five percent sales increase reflected acceptable growth for a non-traditional category in a difficult economy.

DEPARTMENTS

EDITOR'S VIEW 5

Do We Really Want Efficiency?

WASHINGTON BRIEFS...7

The spate of national bottle bill proposals was the hottest topic at NGA's Washington Conference.

TRADESCAN 9

Is strict enforcement of an absolute no-pesticide rule a possibility?

ADVERTISERS' INDEX 46

CONTEST 58

CHECKOUT

62 *New way to sound off!*

Do We Really Want Efficiency?

By Ken Partch, Editor-In-Chief

One of the problems with youth, and everything that comes after that, is that youth believes that because a thing can be done in a demonstrably better way, it should undoubtedly be done. You would have to be a remarkably early cynic to believe and behave otherwise. In my own youth I couldn't stand people who didn't want to act on what could be imagined as possible to do, if it were clearly a better way. That's what progress meant.

For example, in the mid-Sixties, long before there was a Universal Product Code, long before scanners, there was quite a bit of industry discussion about the need for "direct" purchase orders, employing computer-to-computer communication without the need for a paper purchase order. The whole idea was to reduce paper communications, reduce delivery time and ultimately reduce inventory itself. This was universally accepted as a good idea, since it would eliminate unnecessary cost. That was the way industry leaders thought. It made sense. So of course, it would happen.

Eventually, the Universal Product Code was developed, then scanners, and then attention turned to the Uniform Communication Standard, which was a practical means of computer-to-computer communication. This was in the days of mainframes, long before PCS. But industry-wide acceptance of UCS has been slow to non-existent. As in the old Soviet Union, every five years we seem to have another plan. In the latest joint-industry effort, David Jenkins of Shaw's says he means business and means to get industry-wide action.

I hope he is right. A lot of things that should happen often don't until the gods seem to agree that they should. Perhaps the planets have to align themselves in some perfect order, and then everybody says: "Gee, that sounds like a good idea, why don't we do that?" Just as if it were the first time anybody ever heard of it. I also suspect that that's one of the reasons young people often get annoyed with older people. They don't like hearing that a good, new idea has been kicking around for a couple of decades or more.

Why does it have to be called partnering? It isn't something that only you and your partner can do. If it is, it's probably illegal...

In a business that is probably 90 percent or more replenishment, why do we insist on calling it buying and selling, when there is absolutely no question about whether a given warehouse or store is going to reorder a regular and accepted SKU. Buying and selling should be by exception. Ordering should be by exception. Stock of most grocery items should be replenished. What's the great mystery? Procter & Gamble and Wal-Mart are doing this, and you might think that one of the great mysteries of the Nile has just been revealed.

Why should it be called partnering? It isn't something that only you and your partner can do. If it is, it's probably illegal, if not indecent. The mystery, my friend, is that you want to rationalize a business that doesn't want to be rationalized. I wish David Jenkins all the luck in the world, because he is a good man and means well. But you and I know that if Osiris and Isis are not properly lined up with the right planets, and all in their proper houses, the Age of Aquarius will have come and gone and we will still be dropping paper invoices into the mail and triply scrutinizing those paper orders.

Why else would anybody in his right mind invent such complex practices as forward-buying inventory models, and store-door delivery models, whose actual functions leave more to doubt than to rational action? Tell the soft drink man that he should get all the product on the shelf, with none in the backroom. Go ahead. If he's not ready to listen, you might as well as well tell it to Osiris or Isis, or any other Egyptian gods you might know. But remember, this is an industry in which manufacturers are beginning to complain that food products are in the pipeline so long they are going stale before they reach the consumer.

Is this industry actually ready to con-

Continued on page 9

SUPERMARKET BUSINESS

EDITOR-IN-CHIEF
Kenneth P. Partch

EDITORIAL DIRECTOR
Carol Fenshoit

MANAGING EDITOR
Richard DeSanta

SENIOR EDITOR/RESEARCH
David Litwak

SENIOR EDITOR
Bob Ingram

EDITORIAL ASSISTANT
Arlette White

ART DIRECTOR
Jerry Tortorella

RESEARCH EDITOR
Nancy Maline

COMPUTER GRAPHICS
Warren Schroeder

CONTRIBUTING EDITORS
Frank Hammel
Produce: **Barney H. McClure**
Technology: **Richard Shulman**
Washington: **Ken Rankin**
Store Planning: **David Rogers**
Management: **Jack Cohen**

PUBLISHER
Jeffrey A. Schaeffer

ASSOCIATE PUBLISHER
Carol Fenshoit

VICE PRESIDENT
CIRCULATION DIRECTOR
Frank Marino

PRODUCTION DIRECTOR
Gregg Weatherby

MANAGER SUPPORT SYSTEMS
Rachel Crouchelli

ADVERTISING SALES

EAST COAST

REGIONAL
SALES MANAGER
Don Rocco

SALES DEVELOPMENT
DIRECTOR
Janet Isenberg

MIDWEST

VICE-PRESIDENT, NATIONAL
ACCOUNTS
Dave Wishard

REGIONAL SALES MANAGER
John Sonderegger
3601 Devon
Chicago, Ill. 60659
Phone: (312) 478-6494
Fax: (312) 478-5046

WEST COAST

Sue Marritt
20700 Ventura Blvd., Suite 310
Woodland Hills Calif. 91364
Phone: (818) 340-4666
Fax: (818) 346-9700

VICE PRESIDENTS
Carol Fenshoit
Kenneth P. Partch

VICE PRESIDENT-
ADMINISTRATION
Catherine Cahill

CORPORATE OFFICERS: HOWFREY COMMUNICATIONS, INC.

CHAIRMAN & CEO
Jeffrey A. Schaeffer

PRESIDENT & COO
Howard Ackerman

SUPERMARKET BUSINESS Magazine (ISSN 0196-5700) is published monthly by Howfrey Communications, Inc., 1086 Teaneck Road, Teaneck, N.J. 07666. Telephone (201) 833-1900 U.S. subscriptions $65 per year. Canada: $75 per year. Foreign subscriptions $110 (seamail), $233 (airmail), per year. Single copies $7, except Consumer Expenditures Study (September issue) $35 per copy. (Discount prices available on multiple purchases.)

Copyright © 1992 Howfrey Communications, Inc. All rights reserved. SUPERMARKET BUSINESS is a registered trademark of Supermarket Business Inc.

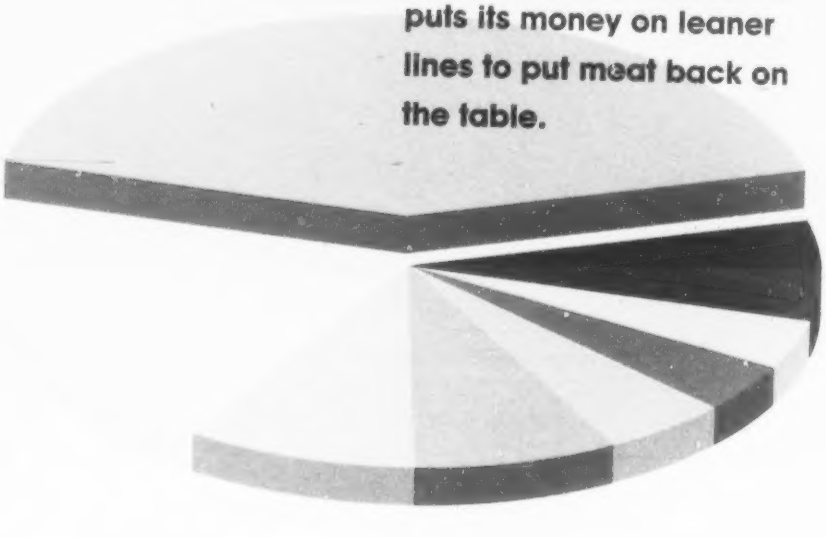
Second class postage paid at New York, N.Y., and additional mailing offices.

All circulation inquiries to: SUPERMARKET BUSINESS, P.O. Box 175, Winchester, MA 01890

3rd Annual MEAT DEPARTMENT OPERATIONS REVIEW

BY DAVID LITWAK & NANCY MALINE

The once-beloved "fatted" calf is headed for virtual extinction, as the industry puts its money on leaner lines to put meat back on the table.



You need be neither rancher nor retailer to know that red meat tonnage has been the chief casualty of the mealtime war on fat and cholesterol. But indications are that the industry's most proactive response—the development of leaner meat choices—has begun to turn things around, according to the results of our third annual Meat Operations Review.

Leaner beef cuts are now available in 80% of the nation's supermarkets, and 63% indicate that the lower-in-fat lines will be expanded in the future. In some operations, leaner selections have completely replaced the previous choice cuts, with ground beef being a typical example.

Although debates rage on over the actual extent of the health benefits they offer, the new breed of meat products has been accepted by consumers, and contributed to improved bottom line performance as well.

Last year's supermarket meat department sales totaled $41.5 billion, a 1.9% increase over the 1990 total of $40.7 billion.

While smaller than the 3% gain posted from 1989 to 1990, it was certainly acceptable and even encouraging given the percentage of consumers still leery of red meat, and the strained economic conditions.

However, recent events may put somewhat of a damper on the category's slow but steady progress. Highly publicized incidents of food-borne illness attributed to meat last winter were blamed by the media and some industry representatives on faulty meat inspections.

While it is still too early to estimate the impact of the incidents on 1992 business, Dr. Jim Marsden, vice president of scientific affairs for the American Meat Institute (AMI), described them as "some of the most significant assaults to science that we (the meat industry) have ever faced."

A breakdown of departmental sales by specific variety shows that 1991 was somewhat of a comeback year for beef. The combination of essentially stable per capita consumption (-0.7%) and a 2.8% price increase produced a dollar volume improvement of 2.1% over the prior year. In contrast, 1990 consumption was down 1.4% while prices increased by 4.2%.

Despite the consumption declines of recent years, beef is still the highest dollar sales item in the supermarket, with volume exceeding $17.6 billion nationally in 1991. On such a basis, any sales increase is significant for retailers. Of course, a sales increase that reflects tonnage growth and not just retail price increases, as was the case in 1991, is the most encouraging trend, both for retailers and their beef suppliers.

Poultry results reflected an interesting change in 1991. While consumption was up slightly (2.7%), the gain was only half that of the prior year. This was coupled with slippage in the retail price, which was down just under a percentage point. In 1990, prices remained stable along with the healthier consumption increase.

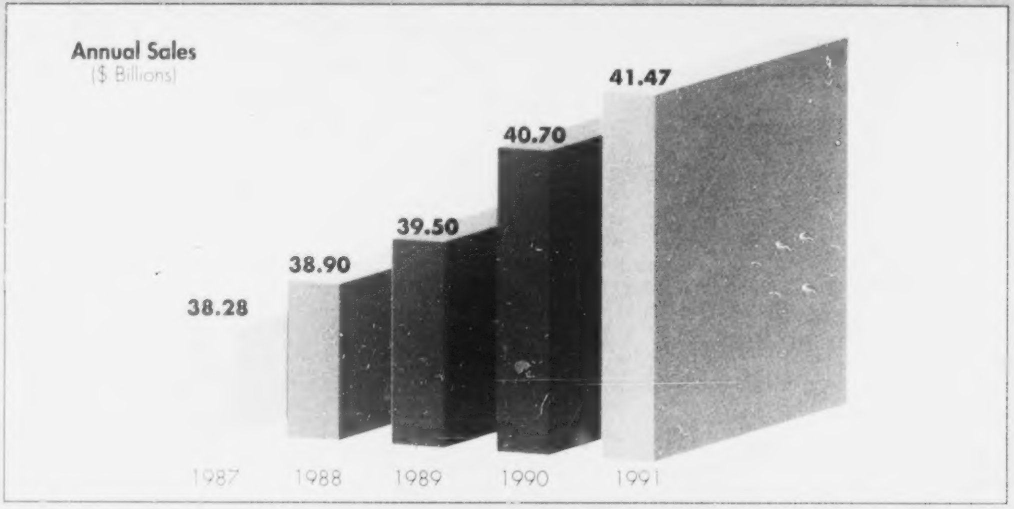
It is possible that this somewhat disappointing showing was due in part to concerns raised by the media and consumer groups over salmonella, and other potential health threats. Lower prices reflected the curtailed demand, which under perfect marketing conditions would have continued to increase at the higher rate exhibited in prior years.

Pork was a winner last year. Even though its per capita consumption increased by only a modest 1.2%, this marked a sterling recovery from 1990, when both dollar volume and tonnage fell drastically.

Over the past few years, sales of pork have fluctuated based on whatever the popular perception of its color (red or white meat?) and fat content were at a given time. Perhaps the 1991 results mean consumers are finally convinced that pork is, indeed, a "white" meat.

Complimenting pork's tonnage gains, was a "gentle" price increase of 3.3%, compared with price hikes at least

MEAT SALES & PROFITS



It's not as new as the bakery, not as tempting as the deli, not as pleasing to the eye as the produce department. But the meat department accounts for more shopper dollars than any other "fresh" instore section. In 1991, it generated $41.5 billion in sales, an increase of more than $750 million from its volume in 1990.

That breaks down to an average volume of of $29,896 per store, per week. Most department managers (60%) reported sales increases last year. Despite the trend toward reduction of meat items in the American diet, the department's sales still represent a healthy chunk of total store volume—16.2% in 1991. With average gross margins of 24.4%, meat contributed 16.8% of total store profits

Stores that Have Meat Departments

Number **30,800** Percent of Supermarkets **100%**

Total Sales of Fresh and Cured Meat* **$41,474,813,000**

*Does not include fish, or products sold at the service deli.

Average Weekly Sales per Store

Mean **$29,896** Median **$26,900**

Conventional Stores **$20,400** Larger Stores **$37,200**

Average Gross Margins

Mean **24.4%** Median **23.0%**

Less than 18%	**3%**
18 – 20%	**25**
21 – 22%	**31**
23 – 24%	**24**
25 – 26%	**9**
Over 26	**8**

Changes in Dollar Sales (1991 vs. 1990)

(% of Companies Reporting)

Higher	**60%**
Lower	**20**
No Change	**20**

Share of Total Store Sales

Mean **16.2%** Median **16.0%**

Contribution to Total Store Profits

Mean **16.8%** Median **15.2%**

double that number in previous years. In all, dollar sales of pork rose 4.5% in 1991.

The rebound in pork sales may be a come-from-behind story in the most literal sense. That's because pork butts—especially those with the bone in—and other subprimal cuts, are helping some retailers increase their pork sales, while also satisfying greater numbers of customers.

The sales impetus comes from two new vacuum packing bags that allow the meats to be packed with the bone in. This allows the butts and other odd-shaped cuts to be shipped under a vacuum seal, and merchandised in whatever quantity the retailer needs to keep the case stocked during the day.

Albertson's (Boise, ID) has experienced a significant increase in bone-in pork sales, according to Cryovac (Duncan, SC), which developed the new bags. They also cite the case of the Lewis Grocery Company (Indianola, MS) which saw bone-in pork butt sales increase 400%, and as a result has added bone-in loins. Costco (Kirkland, WA) has also reported an increase in bone-in meat volume, with rib sales going up 122%.

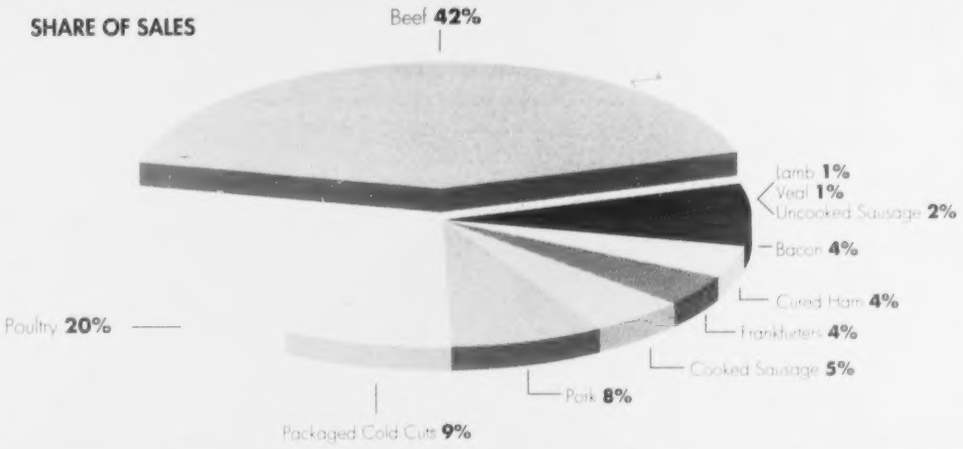
According to Cryovac, the processor can now pack the meat to whatever specifications the retailer requires right off the processing line. And the retailer can work with the amount needed for the day's sales, without fear of running out late in the day, or suffering the high shrink usually associated with these cuts.

Customers should also benefit from this new process because they will be more likely to find their favorite bone-in cuts available throughout the day. This is because the product will have a longer shelf life, and the meat manager will be able to put out additional packages once the day's initial stock has sold out. Previously, the manager would have to open another large pack to cover a few hours at the end of the day.

Rounding out the non-poultry side of the meat department are lamb and veal. Per capita consumption of lamb stayed at just 1.5 lbs for the second year in a row. Prices for the meat rose about 2% in 1991. Veal was the poorest performer in the fresh meat section, with consumption decreasing by 9.1% to just one

MEAT PRODUCTS

SHARE OF SALES



Despite the pounding it's taken in recent years, beef still represents the largest portion of meat sales (42%). One of every five dollars spent in the meat section goes toward a poultry purchase, with that subcategory gaining a percentage point in sales over the previous year.

That means consumers forked over a hearty $17.6 billion for beef alone in 1991. Poultry raised $7.75 billion in sales, while pork, the "other white meat," brought in $2.9 billion.

Even in the meat department, convenience is becoming the order of the day, with more supermarkets offering value-added products. Ready to cook meat items, now carried by 87% of supers, cut down prep time without diminishing homemade appeal. When homemade isn't an issue, consumers turn to packaged ready to eat (41%) and cooked to order meat selections (13%). Side dishes account for 20% of value added meat sales.

Branded chicken is the most popular of the specialty selections offered, with nine out of 10 departments selling it. Ground beef remains a staple, but today it helps if you make it lean. "No roll" and branded lamb and veal are offered to a lesser extent, but respondents expect sales to pick up in the future. Boxed beef delivery has become nearly universal, with 93% of stores receiving beef in that form.

Dollar Sales of Fresh Meats (Add 000)

Beef	**$17,626,713**
Poultry	**7,754,361**
Pork	**2,984,762**
Lamb	**958,893**
Veal	**380,131**

Type of Beef Used

Boxed Beef	**93%**
Case Ready	**4**
Close Trimmed Boxed Beef	**2**
All Others	**1**
Total	**100%**

Sales of Value-Added Meat Products

Ready to Cook Entrees	**87%**
Packaged Ready to Eat	**41**
Side Dishes	**20**
Cooked to Order Meals	**13**

Sales of Specialty Items (% of Companies)

	Now Selling	**More in Future**	**Less in Future**
Branded Chicken	**90%**	**63%**	**0%**
"Lean" Ground Beef*	**80**	**63**	**0**
Choice	**70**	**43**	**29**
No Roll	**40**	**75**	**0**
Branded Lamb	**30**	**66**	**0**
Branded Veal	**30**	**56**	**0**
Natural Beef	**14**	**16**	**0**
Certified Angus	**10**	**10**	**3**
Other Branded Beef Cuts	**10**	**10**	**0**

*Avg. 87% Lean

pound. Price increases were insufficient to offset tonnage declines.

The slight gain in total meat department sales in 1991 sparked correspondingly subtle gains in most of the operating statistics associated with the department. For instance, average weekly sales per department were up just over 1.8%, to $25,896.

Weekly sales in conventional stores rose in 1991 to an average of $20,400. In larger stores, meat departments averaged just over $37,000 in volume.

While most operators (60%) did enjoy small increases in meat sales, gains were by no means universal. Twenty percent of the survey respondents reported declines from 1990 to 1991, while the remaining 20% reported flat sales in the department.

Profitability growth mirrored that of sales in 1991. The average gross margin rose to 24.4% last year, from 22.9% percent in 1990. Accompanying this was a slight increase in the meat department's average contribution to total store profits, which inched up to 16.8% in 1991 from 16.6% the year before.

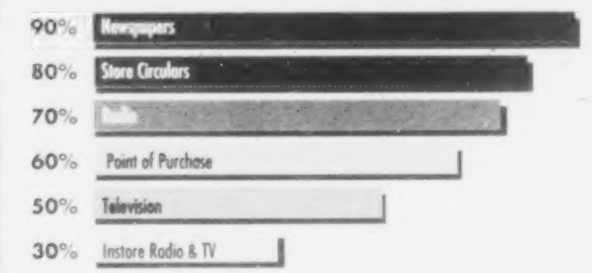
The one major performance measurement that slid last year was the department's average sales per square foot, which declined from $10.55 in 1990 to just $10.44 last year. This was the result of a slight increase in average departmental size, to 2,480 square feet.

Even this small expansion, coupled with the low weekly sales increase, resulted in the loss of 11 cents per square foot per week. This was experienced by both conventional and larger stores. While not a major decline, it nonetheless represents movement in the wrong direction.

Variety, added value, ser-

Continued on page 48

How Meat Department Is Promoted (% of Companies)



MEAT DEPARTMENT SPACE & LABOR

The average supermarket meat department was expanded by 70 sq. ft. in 1991 to 2,480 sq. ft. The expansion, however, cost the department 11 cents per square foot as weekly sales dropped from $10.55 per square foot in 1990 to $10.44 last year.

Supermarkets are trimming staff in all departments and meat is no exception. The staff cut (from 6.1 full-time equivalents to 5.4) resulted in reduced labor costs (9.2%, of sales from 10.2%), and increased productivity. Sales per employee rose from $4,169 in 1990 to $4,796 last year.

Size of Department (sq. ft.)

Mean **2,480** Median **2,365**
Conventional Stores **2,075** Larger Stores **2,790**

Average Weekly Sales Per Square Foot of Space

Mean **$10.44** Median **$10.26**
Conventional Stores **$9.18** Larger Stores **$13.59**

	(% of Companies)
Under $8.00	**9%**
$8.01 - $10.00	**27**
$10.01 - $12.00	**29**
$12.01 - $14.00	**22**
Over $14.00	**13**

Number of Employees

Full-Time	**4.1**
Part-Time	**2.5**
Full-Time Equivalents	**5.4**

Average Weekly Sales Per Employee

Mean **$4,796** Median **$4,889**

Cost of Labor As A Percent of Meat Sales

Mean **9.2%** Median **9.7%**

Under 8%	**3%**
8 - 9.9%	**30**
10 - 11.9%	**34**
12 - 14.9%	**27**
15% & Over	**6**

Departments Employing Trained Meat Cutters 81%

MERCHANDISING & PROMOTION

Despite the increased presence of service counters, 70% of all supermarkets retain traditional self-service configurations in their meat departments. About a fifth (19%) offer both service and self-service options. Only 11 percent of the companies have no self-service available. Not surprisingly, half of these companies (50%) expect to phase even more products into self-service cases.

Supermarkets are making good use of the various tools available to promote their meat departments to store shoppers. A great majority of departments (90%) are using sampling to entice customers, while recipe cards (used by 75%) and nutrition fact sheets (70%) further assist patrons in meal planning and preparation. Cooking demonstrations and videos are entertaining but used to a lesser extent (50% and 19%, respectively).

How Meat Is Sold (% of Stores)

Self-Service Only	**70%**
Service Department Only	**11**
Combination	**19**

In Which Direction Will Your Stores Go In Future?

More Service Meat	**10%**
More Self-Service Meat	**50**
No Change	**40**
Total	**100%**

Use of Instore Promotions for Meat (% of Companies)

Sampling	**90%**
Recipe Cards	**75**
Nutritional Fact Sheets	**70**
Cooking Demos	**50**
Videos	**19**

HOLLYMATIC
VACUUM
PACKAGING

All Stainless Steel Construction
And High Quality Busch Vacuum Pumps.

LV-20
Hollymatic
Hollymatic
LV-10

- Deli – faster customer service.
- Cheeses – extend shelf life.
- Meat –increase margins.
- Over 100 sales/service locations.

Contact Hollymatic or your local dealer today!

Hollymatic®

Hollymatic Corporation/600 E. Plainfield Road/Countryside, IL 60525
708/579-3700 Telex: 25-3092 Fax: 708/579-1057

MEAT REVIEW

Continued from page 32

vice, and branded products are extra features that have been brought into many of the most successful supermarket meat departments.

The majority of managers responding to the survey said their departments offer some kinds of value-added products. About 87% offer prepared, ready-to-cook products, while 41% have packaged ready-to-eat entrees. Going a step further, 13% said their sections will cook items to order, and side-dish selections are offered by 20%.

Things aren't quite the same in even the raw meat case these days. Retailers are finding that it may no longer be enough to sell meat that is classified with nothing other than a grade. Although 70% of the stores sell "choice" beef, about 40% are now selling "no roll" cuts as well, and that percentage is expected by retailers to rise significantly in the future.

Branded meat products continue to carve inroads, as consumers demonstrate greater desire for quality assurance by opting for favored names—contrary in a sense to the declining brand loyalty apparent in the grocery department.This also may be due in part to the consolidation of producers and packers, and the heavier promotion of meat product brands available nationally.

Ninety percent of the meat operations now sell branded chickens, 10% carry Certified Angus and other branded beef products, and 30% sell branded veal and lamb items. According to the majority of retailers, the use of branded products in meat departments will increase in the coming years.

One might expect that the merchandising of value-added meat products, and some of the other extras now provided by the department, would add to labor costs. Surprisingly, retailers report that labor costs are down.

In 1990, it was reported that the equivalent of 6.1 full-time employees was needed to run the average meat department. In 1991, that figure dropped to 5.4 full-time staffers, bringing the average departmental labor cost down to 9.2% of sales. That combined with the 1991 sales increase improved sales per employee to an average of $4,796, up from $4,169 in 1990.

Part of the reason for the labor cost decline is the increased use of boxed beef. About 93% of the beef sold in supermarkets today is delivered boxed.

This lessens the need for skilled meat cutters in the stores. Not long ago, every meat department would employ at least one fully trained cutter; today, only 81% of departments employ these more highly-paid staffers. If the use of case-ready products (now only 4% of sales) catches on, labor may be reduced even further.

Promotion activity by the meat department utilizes most of the standard vehicles. Ninety percent of the survey respondents said their wares are included in local newspaper ads. Additionally, 80% said meat items are promoted in store circulars, while 70% use radio.

As in other departments, instore activity has become a significant aspect of the meat department's promotion efforts. In addition to the usual point-of-purchase signage, meat departments have gotten involved in more person-to-person contact in the store.

Most of that is supported by producers, suppliers or meat industry trade associations. For example, 90% of the operators said they use sampling programs in their stores, many conducted by vendors.

Customer information and education programs have also gained popularity, particularly in light of the health and nutrition issue. Recipe cards are offered by 75% of meat departments, according to the survey results, while 70% make nutritional fact sheets available, 50% present cooking demonstrations and 19% use video messages at the point of purchase.

While retailers' promotional efforts are obviously geared to improve their own sales, they also help to promote meat in the more universal sense—a must given the buffeting the commodity has been through over the years.

It is important that suppliers and packers adopt that same philosophy, and continue to promote not only their own items, but also the dissemination of facts about all meat products, especially with regard to the nutrition aspect.

THIRD ANNUAL REVIEW

GENERAL MERCHANDISE

Last year's five percent sales increase reflected acceptable growth for a non-traditional category in a difficult economy.

BY
DAVID LITWAK
&
NANCY MALINE

How much of a weapon should general merchandise be in the supermarket's battle against discounters and other formats cutting into its sales?

Should operators stress the category to try to beat some of the interlopers at their own game? Or should they minimize the nonfoods sections and underline the supermarket's traditional strengths—convenience, service and food product variety?

The answer, based on retailer responses to SUPERMARKET BUSINESS's Annual General Merchandise Operations Review, is an unqualified "well, maybe!"

Last year's general merchandise volume increase was marginally better than that of 1990, with supermarkets reporting an overall gain of 5% to the $11.99 billion mark, compared with a 3.9% increase the year before.

The small increase broke the recent year-to-year pattern of major/minor/major increases—in this case, in a negative way. Since growth in 1990 was only 3.9%, one would have predicted, given recent history, that 1991 would have been a boom year. But it didn't materialize.

What that 5% performance did constitute, however, was a healthy rate of growth for a non-traditional supermarket department during an economic period of limited opportunity for most retail endeavors... a healthy rate of growth despite fierce competition from mass merchandisers, wholesale clubs, and other retailers.

Although not spectacular, sales growth in 1991 was enjoyed pretty much across the board, with just over three-quarters (76%) of supermarket operators reporting higher general merchandise volume. Only 19% of the retailer respondents reported sales declines in the category.

Although virtually all supermarkets carry general merchandise, SKUs range from just a few items to vast offerings.

If these diverse departments were artificially collapsed into an average department, its weekly sales would be $7,484.

But since such actual "average departments" are few, it would seem more informative to look at the difference in average weekly sales by store format. Smaller stores, on average, pull in about $5,309 in weekly category sales. Larger supermarkets do more than twice that amount, $13,215 per week.

General merchandise has become a little more important to most stores, given the slight increase in the percentage of total store sales coming from the department —14.7% compared to 14.3% in 1990.

General merchandise margins also improved last year, with grosses averaging 34.2% as opposed to 1990's yield of 32.8%.

Despite those improved statistics, however, the department's share of total store profits remained the same. Last year, general merchandise produced an average of 14.8% of overall profits, only 0.1% higher than it did in 1990.

Of course, in larger food and drug combination stores, the contribution to store profit of the GM section was much higher, averaging 37%, but again, not an increase over the 1990 level.

General merchandise has always been a department that has clusters of hot products or sub-categories. Last year was no exception. Sales of pre-recorded video tapes, light bulbs, home/office and specialty merchandise were among the departmental "stars" of 1991.

Because of the great diversity of products sold in the department, it is easy for a new product line to make a splash, especially one that is coming into a market for the first time. For instance, 1991 saw the introduction of many products in supermarkets and other general merchandise outlets that were previously only available through television ads.

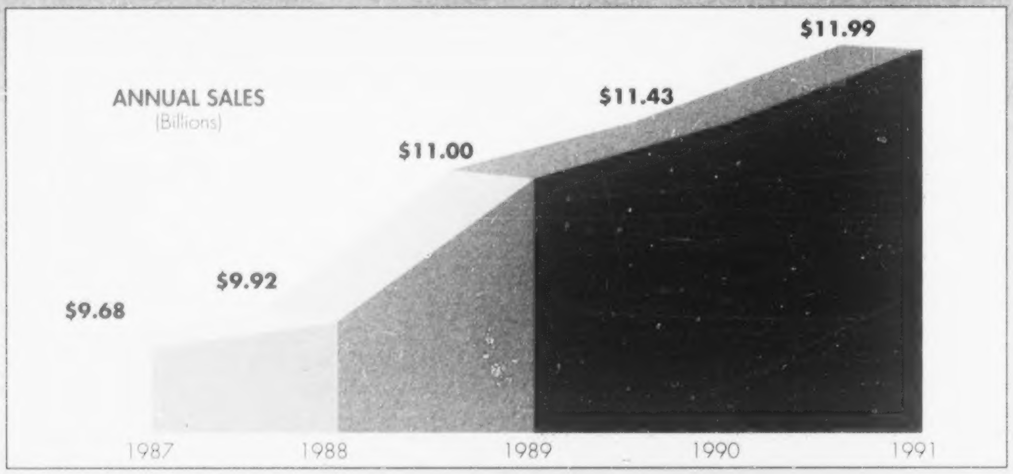
These "as seen on TV" products caught fire with shoppers who had seen their promotions over the airwaves for years. While some, such as car waxes and other automotive products, fit nicely into existing supermarket merchandise categories, others had to create their own niche, or be bundled together into a "TV specialty" category.

Other general merchandise lines have generated impressive sales increases in terms of percentages, having advanced from previously modest sales bases as the result of customer demand and heavier promotion. A good example is video sell-through.

Until recent years, the sale of pre-recorded videos was a small factor in supermarkets, with most of the action focused on rentals. But as growing numbers of distributors saw the potential business in supermarket traffic, promotions were launched and the supermarket became an important conduit for them.

Fast growing categories do not, however, account for much in the total scheme of general merchandise sales. Due to its great diversity, and the number of small product groups, the general merchandise sales pie is distributed in

GM SALES & PROFITS



Supermarket general merchandise sales climbed at a comfortable if not thrilling pace in 1991.

Volume rose by some $500 million in 1991 to just under $12 billion, an addition of 5% or $336 per store, per week versus 1990.

When asked how 1991 compared to 1990, three quarters (76%) of the general merchandise department managers responding to the survey reported higher sales in 1991, with increases averaging 4.8%. Nineteen percent reported departmental sales decreases, which averaged 3.9%. Five percent reported flat sales for the year.

How big a role does this category play in the big picture? According to our respondents, general merchandise represented an average of 4.7% of total supermarket sales, yielding a 14.8% contribution to store profits. Both figures are up slightly from 1990. Gross margin improved by 2.6% in 1991, checking in at 34.2% on average.

Stores that Sell General Merchandise

Number **30,800** Percent of Supermarkets **100%**

Average Weekly Sales

Mean **$7,484** Median **$7,614**

Conventional Stores **$5,30[illegible]** Larger Stores **$13,215**

Less than $6,000	**10%**
$6,000 – $7,000	**13**
$7,001 – $7,500	**32**
$7,501 – $8,000	**31**
$8,001 or more	**14**

Average Gross Margins

Mean **34.2%** Median **37.3%**

Less than 28%	**5%**
28 – 29%	**20**
30 – 31%	**31**
32 – 33%	**25**
34% or more	**19**

Changes in Dollar Sales (1991 vs. 1990)

(% of Companies Reporting)

Higher	**76%**	Average Increase **4.8%**
Lower	**19**	Average Decrease **3.9%**
No Change	**5**	

Share of Total Store Sales

Overall Mean **4.7%** In Combination Stores **10.8%**

Contribution to Total Store Profits

Overall Mean **14.8%** In Combination Stores **37.0%**

many slices. Only two categories—housewares and periodicals and books—account for more than 10% of total general merchandise sales.

Of the two, housewares is really a cluster grouping of many smaller sub-categories, including glassware, pots and pans, kitchen utensils, kitchen domestics, cutlery, rubberware, small kitchen appliances and accessories, and several others.

Photo supplies represented the third largest group in the department, with 10% of sales, up a point from 1990, with the increase due in part to promotions of new films, instant cameras, and film processing. Greeting cards, light bulbs, video products, and home/office supplies were also among those categories that had slight increases in their shares of the GM sales pie.

For every winner there has to be a corresponding loser. Several categories did lose share last year, though none receded more than a single percent. They were apparel, auto supplies, video cassette rentals and toys.

Almost two-thirds of the operators (64%) said they expanded the number of GM products that they carried last year. Thirty-one percent said that they carried about the same number of products, while only 5% stocked fewer items in 1991.

It appears the future holds further escalation of general merchandise in supers. Fifty-five percent of the respondents predicted that they will increase the number of products they carry in the future, while 31% will feature about the same number, and 14% anticipate a lessening of their assortments.

General merchandise-related services are also on the rise in supermarkets. Some, such as video rentals, involve a major investment, while others, including film-to-video transfer service, involve virtually no investment or space.

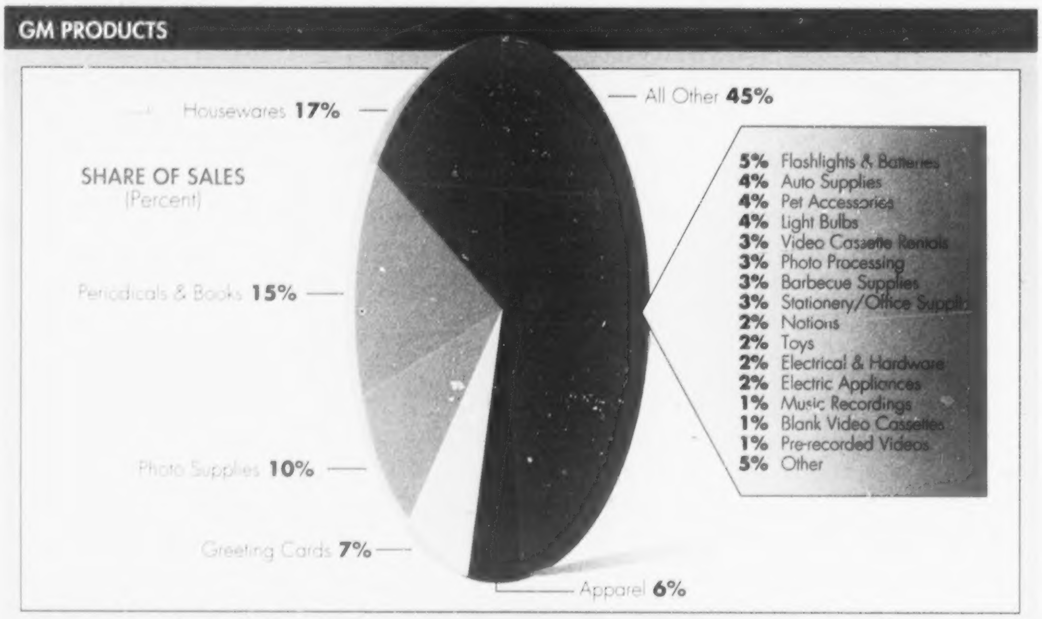
Video cassette rentals and sales are by far the most prevalent of these ancillary services, with almost three-quarters of the stores offering them. Availability of copy machines for shopper use and film processing have also become more common, offered last year by 62% and 55% of supermarkets respectively.

Other services making their way into the stores include key-making, postage stamp sales and other mail-related services, and fax machines for customer use.

Despite adding new products and expanding general merchandise services, the average size of the department remained the same—347 gondola feet—in 1991 as in 1990. Breaking this down by store format, the average department in a conventional supermarket measured just 235 feet, while in larger stores, that stretched to 1,085 gondola feet.

Of course, additional products and services need not dictate bigger central departments, since most stores do not segregate all general

GM PRODUCTS



The general merchandise sales pie is a highly segmented one, with the largest single slice involving housewares, at 17% of the category total. Next came books and periodicals (15%) and photography needs (10%). The remainder of the pie is even more sparingly cut into 18 individual sections, none of which account for more than a 7% share. All of the sub-categories retained the same share as last year, give or take 1%.

Most department managers responding to the survey (64%) said they increased the number of items carried in their departments in 1991, and 55% expect the trend to continue. Just under a third of the respondents said they carried the same number of items in '91 and will most likely maintain those levels through the balance of this year. Very few (5%) cut back on general merchandise inventory.

In addition to emphasizing lightbulbs, batteries and blank video cassettes to a greater extent last year, department managers had rave reviews for pre-recorded videos (both sell-through and rentals), declaring them the departments' biggest hits of 1991.

Number of GM Items Carried

In Past Year	
Increased	64%
Decreased	5
Stayed the Same	31
In Future	
Will increase	55%
Will decrease	14
Will stay the same	31

GM Items Most Frequently Added or Expanded

- Blank Video Cassettes
- Batteries
- Light Bulbs

Hottest GM Items in 1991

- Video Cassette Sales
- Video Cassette Rentals
- Greeting Cards
- "As Seen on TV" products

Special GM Services (Percent of Companies Offering)

Video Cassette Rental/Sales	74%
Copy Machine	62
Film Processing	55
Key Making	39
Postal	39
Package Mailing	39
FAX Machine	28
Film to Video Transfer Service	22
Jewelry Repair	<1

merchandise offerings in a single location of the store. In fact, only 14% do so. Most retailers (59%) elect to sell a portion of their items from a central section, and cross-merchandise the rest in other departments throughout the store. The remaining 27% integrate just about all their nonfoods goods in other sections.

The increase in general merchandise sales, combined with stability in terms of space allocation, boosted sales per gondola foot in the category last year. In 1991, the figure rose to $21.57, an increase of about 4% over the 1990 figure of $20.72.

Another measurement that improved last year in the general merchandise category was sales per employee, which increased to $3,254 from $2,859 the previous year.

Because products are merchandised throughout the store, the labor costs are splintered in the same manner, and distributed among grocery, courtesy desk and even perimeter department personnel.

The number of GM employees did not change dramatically in the last year, when it took the equivalent of 2.3 employees to run the department. But on average, labor represented 6.1% of sales last year, up from 5.1% the year before.

In addition to wage and benefit increases and the offering of additional services, the curtailed use of outside service merchandisers may have contributed to the increase in labor costs. In 1991, 45% of those responding to the survey said they used service merchandisers to supply and stock general merchandise in at least some of their stores, down substantially from 56% the previous year.

In assessing labor costs connected with general merchandise, it must be noted that, because products are merchandised throughout the store, the labor costs are splintered in the same manner, and distrib-

Continued on next page

GM SPACE & LABOR

Profits generated by the general merchandise department were hard-earned. While very little additional space was allotted the department this year, managers evidently made the most of what they had. Weekly sales per gondola foot increased by eighty-five cents. The use of specialized display racks continues to aid space management in the department, offering merchandising flexibility without additional footage.

Indications are that general merchandise departments were able to maintain efficient operations without additional personnel in 1991. Each employee brought in an average of almost $400 more per week than in the previous year ($3,254 in 1991), while the number of full-time equivalent staffers fell from 2.5 in 1990 to 2.3 in 1991.

Size of Department (gondola feet)

Mean **347** Median **425**
Conventional Stores **235** Larger Stores **1,085**

Number of Employees	
Full-Time	**1.4**
Part-Time	**1.7**
Full -Time Equivalent	**2.3**

Average Weekly Sales per Employee $3,254	
Under $1,500	**3%**
$1,500 – $2,000	**18**
$2,001 – $2,500	**31**
$2,501 – $3,000	**34**
Over $3,000	**14**

Average Weekly Sales per Gondola Foot

Mean **$21.57**

Under $15	**10%**
$15 – $20	**23**
$20 – $25	**38**
$25 – $30	**20**
Over $30	**9**

How Much for Labor? (Labor as a Percent of GM Sales)

Store Employees Only Mean **6.1%** Median **5.2%**

Percent of companies using service merchandisers in at least some of their units: **45%**

GM MERCHANDISING & PROMOTION

The designation of a single section of the supermarket for general merchandise again was a rarity in 1991, with only 14% of managers reporting such a setup. Just under 60% of respondents said they dedicate sections for only a portion of their general merchandise, while cross-merchandising the rest throughout other store departments. And 27% said they had no central section for general merchandise, integrating all wares with other store offerings.

To better compete with discounters, supermarkets are promoting general merchandise more heavily than ever before. The number of retailers using point-of- purchase advertising has increased over the past two years from 50% in 1989 to 91% in 1991. Print media are being used more heavily as well. Newspapers were used by 82% vs. 71% last year, while store circulars were employed by 77% compared to 66% in 1990.

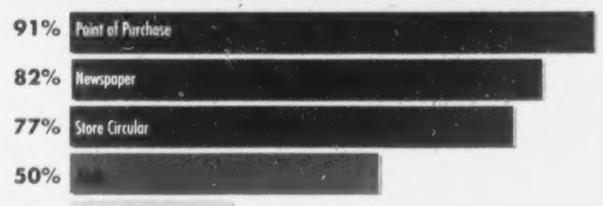
How GM is Merchandised (% Companies)	
As Separate Section	**14%**
Cross-Merchandised Throughout the Store	**27**
Combination of the Above	**59**

Stores With Service Counters for GM **5%**

What is Sold at Service Counters?

– Cameras
– Videos
– Fragrance
– Jewelry
– Electronics
– Sports Trading Cards

GM ADVERTISING AND PROMOTION (Percent Using)



GM REVIEW

Continued from page 54

uted among grocery, courtesy desk and even perimeter department personnel.

With discount mass merchants, club stores, expanded home center operators and discount drug store chains continuing their dynamic expansion, it would seem that getting the message out about their general merchandise offerings would be very important to supermarkets.

While the degree of success of their communications efforts can be debated, most retailers are increasing their efforts to reach consumers.

The most dramatic example involved the use of point-of-purchase materials. Last year, 91% of retailer respondents said they used POP promotional material, up from 76% in 1990. Retailers also reported heavier use of newspapers, store circulars and radio advertisement in the effort to spark general merchandise sales.

On balance, is general merchandise a key weapon for supermarkets combating challenges from other classes of trade?

Looking at the facts revealed by this survey, supermarkets are increasing their general merchandise sales, but not as dramatically as before. So in a sense, they are gaining some ground but not much. In many of the sub-categories, supermarkets hold 15% of total sales. And in a few, such as batteries and film, their share is in the 25 to 30% range.

On the other hand, how much are the general merchandise specialists cutting into supermarket sales of traditional grocery products? The answer appears to be that they have gained some ground, but not as much as was feared. On average, outlets other than traditional supermarkets or smaller food stores account for about 10% of food sales, and about 20% to 25% of the sales of household supplies.

This shows that general merchandise can be used as part of a successful competitive strategy against the alternative formats. A strong GM/HBA operation, complementing a very strong food presence, seems to be the best strategy. **SB**

AMERICA'S CAN OPENER FOR OVER 50 YEARS
SWING-A-WAY
Call 1-314-773-1487
Swing-A-Way, St. Louis, MO 63116

Our New 2-Pack Is A Real Plus.

The word is out on KODAK GOLD PLUS Film, and customers are snapping it up.

With the new 2-pack, you can double KODAK GOLD PLUS Film action at checkout counters. And cash in on multiple-roll purchase opportunities.

- Multiple-roll sales can mean greater profit
- Convenience and price advantage attract heavy film users
- Available in 100, 200, and 400 speeds
- Offered in prepack merchandisers

So don't miss out on instant multiple sales with the new 2-pack. Contact your Kodak sales account executive today.

48 EXP
Kodacolor
NEW IMPROVED
NEW IMPROVED
100 SPEED
100
Kodak
Gold Plus
Kodak
Gold Plus
COLOR PRINT FILM
2 PACK 35mm
2-24 EXP. ROLLS
COLOR PRINT FILM
2-24 EXP. ROLLS

True Colors. And More Colors.

Kodak

© Eastman Kodak Company, 1992

SUPERMARKET BUSINESS

$35.00
PER COPY

VOLUME 47/NUMBER 9
SEPTEMBER 1992

THE ▪ THINKING ▪ PUBLICATION ▪ FOR ▪ THINKING ▪ PEOPLE

SMART & FINAL PHOTOGRAPHS: KIM TUCKER

INSIDE

Smart & Final's concept is right, for consumers and business customers.

SUPERMARKET BUSINESS

SEPTEMBER
1992

VOLUME 47
NUMBER 9

THE ■ THINKING ■ PUBLICATION ■ FOR ■ THINKING ■ PEOPLE

COVER STORY

29 45th Annual Consumer Expenditures Study:
Running Harder to Stay Even?
David Litwak and Nancy Maline If supermarket operators are feeling exercised these days, it may be that they're on a treadmill. Our annual study of consumer spending shows that retailers have been running faster than ever before, to make the same money.

32 Highlights

CONSUMER EXPENDITURES

48 Summary
54 Perishables
58 Dry Grocery-Foods
66 Dry Grocery-Nonfoods
70 Health and Beauty Aids
74 Prescriptions
76 General Merchandise

PRODUCT CATEGORY FOCUS FEATURES

81 Baby Food
85 Bakery
87 Beer
94 Breakfast Foods
97 Candy
99 Canned Goods
105 Deli
111 Dairy
115 Frozen Foods
117 Health & Beauty Aids
119 Pet Needs
121 Greeting Cards
125 Photo/Processing
129 Produce
131 Seafood
134 Snack Food
137 Soft Drinks
141 Tobacco
146 Trading Cards
149 Video

FEATURES

13 **Back Room: The Tale of 'Tony Coupons'**
Bob Ingram Manufacturers and law enforcement people are joining forces to crack down on coupon scam artists ... even in Philly.

15 **The Supermarket Sage**
Jack Cohen Exploring the supermarket as a business.

17 **PC-based Data Networks: A Workable Boost For Efficiency**
Richard E. Shulman The move from mainframe systems to networked PCs won't be easy, but there can be no doubting its benefits.

21 **At Smart & Final, They're Playing Both Sides Now**
Carol Fensholt This deftly-positioned Southern California cash-&-carry gets *business* business when the economy's up, and consumer business when it's not.

COVER & CES ILLUSTRATION: DEBBIE TILLEY

DEPARTMENTS

Editor's View 7
Why EDLP could be good for you

Washington Briefs.........9
Is the Labor Department's child labor law crackdown "harassment?"

Tradescan 11
Phar-Mor's riches-to-rascals story.

Produce 152
The avocado—delicious, versatile yet unappreciated.

Contest 166
Advertisers' Index ...169

CHECKOUT

170 *How's this for a consumer expenditures study?*

EDITOR'S VIEW

Ken Partch

Why EDLP could be good for you

With so many pricing policies in the marketplace, the EDLP operator might be doing the market a favor.

Sy Syms is a discount clothing merchant in the New York-New Jersey-Long Island area. He has an advertising line that has always struck me as brilliant: "An educated consumer is our best customer." From there, Sy goes on to explain the company's pricing policy.

As with Sy Syms' concept, the whole idea of the supermarket was that the consumer either knew what was needed to be known in advance (about brands and prices), or would be educated right at the shelf—with the private label right there for making comparisons. The consumer didn't need a store clerk to steer her/him to the "best" buys.

One of the problems with today's supermarket consumer is that she/he is no longer all that well-educated about the price of beans—or much else. We've trained her/him not to be. SUPERMARKET BUSINESS proved that in a feature on everyday low pricing a couple of years ago.

Through consumer research we found that shoppers did not know the prices of groceries nearly as well as they thought they did. Perhaps after all the years of inflation, and ever-increasing grocery prices, that was to be expected. Also, as the percentage of disposable income (or discretionary income) spent on food continued to fall, many consumers stopped thinking in terms of pennies saved on food and groceries.

But that article on how well consumers knew (or did not know) the prices of groceries showed something else that was perhaps even more important. It showed that those consumers who shopped stores that promoted everyday low pricing policies actually *did* know prices better than consumers in other markets where EDLP was less prevalent. In other words, if you were able to attract those customers who were concerned about price, then it was possible to influence those customers with low prices.

The question arises: Did supermarket practices help to create a customer climate where the shopper no longer knew what the regular price was or had been? Had price increases become so frequent and consistent that the "regular" price was something nobody could remember?

In the Eighties, we were no longer talking about pennies of difference. We were dealing with items that might have had regular prices of four, five or ten dollars, and with coupons and rebates of perhaps half that amount. Who could possibly remember the original, "regular" price?

Now, going into the third year of recession, with prices either flat or falling, perhaps the consumer is catching up. Perhaps somewhere in the nether regions of the mind the "regular" or everday price is being stored without conscious effort, but is nonetheless retrievable when needed—such as when a new price is offered in a so-called alternative format.

We've done enough price studies this year to show that prices can vary spectacularly from market to market on the same items. Yet, when consumers are offered consistently lower prices, whether in an EDLP store or through a club, quite a lot of shoppers seem to know it.

In the recession of the early Eighties, the super warehouse store made quite an impact in several markets. Fortunately, the economy recovered in time to permit good supermarket

Continued on page 11

SUPERMARKET BUSINESS

EDITORIAL

Editor-in-Chief, Vice President
Kenneth P. Partch

Editorial Director, Vice President
Carol Fenshalt

Managing Editor Richard DeSanto
Senior Editor/Research David Litwak
Senior Editor Bob Ingram
Research Editor Nancy Maline
Editorial Assistant Arlette White
Art Director Jerry Tortorella
Computer Graphics Warren Schroeder
CONTRIBUTING EDITORS:
Features: Frank Hammel
Produce: Barney H. McClure
Technology: Richard Shulman
Washington: Ken Rankin
Store Planning: David Rogers
Management: Jack Cohen

Publisher Jeffrey A. Schaeffer
Associate Publisher, Vice President
Carol Fenshalt
Circulation Director, Vice President
Frank Marino
Administration, Vice President
Catherine Cahill
Production Director Gregg Weatherby
Manager, Support Systems Rachel Crouchelli

ADVERTISING SALES

EAST COAST OFFICE
1086 Teaneck Road
Teaneck, NJ 07666
Phone: (201) 833-1900
Fax: (201) 833-1273
Regional Sales Manager Don Rocco
Sales Development Director Janet Isenberg

MIDWEST OFFICE
3601 Devon
Chicago, Ill. 60659
Phone: (312) 478-6494
Fax: (312) 478-5046
VP, National Accounts Dave Wishard
Regional Sales Manager John Sonderegger

WEST COAST OFFICE
Sue Marritt
20700 Ventura Blvd., Suite 310
Woodland Hills Calif. 91364
Phone: (818) 340-4666
Fax: (818) 346-9700

HOWFREY COMMUNICATIONS, INC.
Chairman & CEO: Jeffrey A. Schaeffer
President & COO: Howard Ackerman

SUPERMARKET BUSINESS Magazine (ISSN 0196-5700) is published monthly by Howfrey Communications, Inc., 1086 Teaneck Road, Teaneck, N.J. 07666. Telephone (201) 833-1900 U.S. subscriptions $65 per year; Canada, $75 per year. Foreign subscriptions $110 (seamail), $233 (airmail), per year. Single copies $7, except Consumer Expenditures Study (September issue) $35 per copy. (Discount prices available on multiple purchases.)
Copyright © 1992 Howfrey Communications, Inc. All rights reserved.
SUPERMARKET BUSINESS is a registered trademark of Supermarket Business Inc. Second class postage paid at New York, N.Y., and additional mailing offices.
All circulation inquiries to: SUPERMARKET BUSINESS, P.O. Box 175, Winchester, MA 01890

EDITOR'S VIEW

Continued from page 7

operators to recover before too much damage was done. In other markets, weaker operators, or those who were preoccupied with other interests, fell by the wayside.

Perhaps, with so many pricing strategies in the marketplace of late, the EDLP operator might be doing the market a favor. Perhaps this is the way to re-establish the so-called "regular" price. After all, if the consumer no longer knows the regular price from the "high" or "low" price, isn't most grocery advertising (which is 98 percent price advertising) falling on noise-overloaded ears? Isn't it all just so much static?

What's to stop the "Hi-Lo" operator from offering a true loss leader now and then, especially on sizes and packs that the EDLP operator or club doesn't carry, such as the *regular* size under-arm deodorant, or shaving cream or toothpaste, that can be so hard to find nowadays.

I can see the advertising line right now: "Give the traveling man or woman in your family a break! Stop paying those exhorbitant hotel/motel prices." And ... "You don't have to buy the double- hernia size at our stores to get a bargain. We stock the *regular* sizes—often at below regular prices. Check our unadvertised instore bargains, and see."

Or ... "Do you really want to feed your family and your pets food that's three months old, or more? And ... "We carry a variety of sizes and packs of your brands so that you don't have to turn your home into a warehouse."

I think the point is becoming clear: If supermarkets do not re- establish the regular price, somebody else is going to do it for you. ■

Phar-Mor's Latest Chapter: A Riches To Rascals Story

So what's been happening in Youngstown? Apparently Phar-Mor than we knew.

It was only in July that the 306-store discount pharmacy chain based there was shouting out a spate of good tidings ... a 26 percent sales increase for the fiscal year ended in June to more than $3 billion; the achievement of coast-to-coast status with the company's move into Utah, New York and California; the groundbreaking for a new warehouse in Jacksonville, Fla., and ongoing expansion.

But by early August, the picture had faded nearly to black, as the company announced it had filed for bankruptcy protection and taken a $350 million accounting charge, because of losses resulting from an alleged swindle it said was perpetrated by its former president, Michael I. Monus and chief financial officer, Patrick B. Finn. Both executives have been dismissed.

Phar-Mor has also sued its auditor, Coopers & Lybrand, for its failure to uncover the alleged embezzlement of funds by the former executives, which the company says took place over the past several years.

A CLEARER PICTURE

In a feature article in the July 1992 issue of SUPERMARKET BUSINESS under the headline "Mini Vs. Micro—A Photo Finish," a chart illustrating a profit and loss comparison of instore mini- lab and micro-lab processing units contained inaccuracies, as the result of an editorial error.

The corrected chart—showing a reasonable breakdown of per-month costs and profits for mini and micro-lab programs, to the best extent that they can be compared directly—appears below. The scenarios apply to Fuji's Compact II mini-lab, and to Qualex's "ExpresStop" program utilizing a Noritsu micro-lab, each processing 40 rolls a day at an average retail price of $8.95.

Monthly Costs/Return	**Mini**[1]	**Micro**[2]
Equipment	$800[3]	$1,295[4]
Print fee	N/A	5,200[5]
Paper/Chemicals	2,352	N/A
Misc.	100	N/A
Service	275	N/A
Labor	4,800[6]	1,470
Utilities	200	100
Phone line	N/A	50
Total Cost	**$8,527**	**$8,115**
Sales	$10,740	$10,740
Net pre-tax profit	2,213	2,625
Profit to sales	**21%**	**24%**

[1] Source: Fuji Photo Film U.S.A., Inc.

[2] Source: Qualex, Inc.

[3] Toward $42,000 purchase price.

[4] Lease fee

[5] @ $0.17 per print fee

[6] 3 employees @ $10 per hour

N/A – Not applicable

Food Show Joining FMI May Convention

The U.S. Food Export Show, sponsored by the National Association of State Departments of Agriculture (NASDA), will be featured as a "show within a show" at McCormick Place during FMI's annual convention, set for May 9- 12, 1993.

The Export show, previously an every-other-year event, switches to annual status to coincide with the FMI show. Called "Share the Taste of the States," the 1993 export show will link U.S. manufacturers of exported food products and international buyers.

In L.A.—The Flames Died Down, But Hunger Burns On

The Los Angeles Regional Foodbank says that while the flames of the city's racial disorders have died down, its hunger crisis continues at full-boil. "People need to understand that we had a severe problem in Los Angeles before the disorders," says Doris Bloch, executive director. "Now that crisis is worse."

Bloch said the food bank was grateful for heavier donations in May and June, which were double the two million-pound monthly norm. But while the problem remains acute, July donations were back down to two million pounds.

Shortages, which are likely to continue through the end of the year, make it necessary for the food bank to "triage" food supplies to the groups it serves. Heavily-used food pantries are usually first in line.

Bloch says California's state budget woes are compounding the shortage. Along with those displaced or left unemployed in the wake of the riots, businesses relying on government contracts may be going belly-up: In fact state-issued IOUs are no longer cashed by most banks.

Bloch knows just how those business owners feel. The food bank's state and federal funds are now frozen in the non- cashable paper IOUs, because the federal funds come through state channels.

Instore Couponing Not As Effective With Older Folks

Hoping to sway senior citizens with newfangled instore coupons? Good luck. Older folks are more likely to have already made up their minds —at home.

That's the word from NCH Promotional Services (Lincolnshire, Ill.), which recently surveyed 700 adults. When questioned, 69 percent of those 45 or older said they decided which brands to buy based on the fact that they had clipped a coupon at

Continued on page 155

45th **ANNUAL CONSUMER EXPENDITURES STUDY**

Running Harder To Stay Even?

BY DAVID LITWAK
AND NANCY MALINE

If supermarket operators are crying the blues, it may be because they're out of breath: Our Consumer Expenditures Study shows you're running faster than ever before ... to stay even. This year's story: Dollars in 1991 were up, tonnage was up. But thanks to deflation, profits were pinched.

■ Selling more, but enjoying it less?

If so, it may be you're just one of many supermarket operators who in 1991 rang up more sales, pushed more tonnage out the door...and took less profit to the bank.

In 1991, not only did both dollar sales and tonnage grow—the increases were sizable. Grocery outlets rang up aggregate sales of $346.5 billion. Of that total, $272.2 billion was posted by the nation's approximately 30,700 large grocery outlets, a.k.a. supermarkets.

In current dollars, this is a 2.3 percent rise in overall grocery outlet dollar sales and 2.7 percent in supermarket dollar sales ... an increase we believe to be understated. Here's why we think so:

The $346.5 billion figure for 1991 grocery industry sales is what the U.S. Department of Commerce reports. It's the number we have always reported as the grocery industry "Grand Total," as we have always assumed it to be the most correct figure. Why? Because the Government, presumably, can draw upon data the private sector can't.

Further, as we always remind our readers in order not to mislead them, adding up all the lines in our CES tables provides a grand total that accounts for most grocery industry sales but not all. It's "not all" because we don't include data unless we're pretty sure it's reliable ... and we have yet to figure out how to get reliable data on a host of miscellaneous items sold by food stores—GM items like clock radios, watches and bath towels, say.

Why do we think Commerce is understating 1991 U.S. grocery store growth? Because Commerce's grand total is too close for

CES CONTENTS

30 Methodology & Definitions

HIGHLIGHTS
32 Share of Store by Major Category
32 Per Capita & Per Household Spending
36 Doling Out the Weekly Grocery Store Dollar
38 Sales by Store Size
38 Chain Vs. Independent
40 Grocery Vs. Restaurant Sales
40 Rank Among Retailers
44 16-year Sales Trends
44 CPI Changes 1990-91
46 Biggest Ups & Downs in Supermarket Categories

TABLES
48 Summary
54 Perishables
58 Dry Grocery-Food
66 Dry Grocery-Nonfood
70 Health & Beauty Aids
74 Prescriptions
76 General Merchandise

comfort to the total of our (by no means all-inclusive) individual category increases: Commerce's total leaves too little for sales of all those impossible-to-accurately-track miscellaneous items.

By how much do we think Commerce understates 1991 sales growth? At least two percent.

Specifically, in our 45th Annual Consumer Expenditures Study, spending across its 730-odd categories adds up to $346.27 billion. Subtract this from Commerce's $346.5 billion total, and what's left is a mere $259 million for miscellaneous expenditures.

Because the CES's $346.27 billion food/nonfood total represents a four-percent increase over 1990, we think it's conceivable that the grocery industry grew by a number closer to 4.0 percent than Commerce's 2.3 percent estimate.

Still, whatever the sales growth, for many retailers the issue is profits. In 1991, a strange set of dynamics bedeviled the grocery industry. In the face of a recalcitrant economy, supermarket companies found it harder to hold up their bottom lines.

Sparking the first significant volume rise in recent memory, consumers spent more in supermarkets than ever before, as they cut back on spending in foodservice establishments.

But stagnation and deflation exacted their price—with consumers hunting for bargains, and often resorting to alternative formats to get them, supermarkets were hard-pressed to get their usual margins. The average gross margin in supermarkets fell slightly in 1991, dropping to 24.4 percent from 1990's 24.9 percent. While margins in some individual categories rose, on balance gross margins slid half a point.

This slippage by itself may not appear large. But if the average gross is off half of a percent, then the net suffers, too. Ironically, this happened in a year when many retailers reported initial increases in many products' grosses.

Despite the slight decline in margin, if overhead, labor and debt service costs remained about the same over this period, than 1991 should have been a slightly more profitable time for many operators than 1990.

The size of the "if" in the above sentence would dictate the actual return relative to the year before for an individual operator. Unfortunately, for the majority of operators the "if" loomed very large, decreasing the profits per sales dollars, along with the margin.

So far this year, consumer prices have fallen by one to two percent. And it's not over—election's Silly Season notwithstanding, deflation may tamper further with supermarket profits. So at year's end you may again find yourself, like a pet mouse on an exercise wheel, running faster and faster … in place.

METHODOLOGY

The 45th Annual Consumer Expenditures Study (CES) represents a concerted effort of individuals and firms from all facets of the food retailing industry. Drawing on the methodological tradition of 44 studies, the 45th annual study has brought together literally hundreds of sources, from companies that are household names, to those that are acknowledged as leaders within a specific segment of our industry.

The content of the CES is derived from input into each of the 700-plus categories by the leading manufacturers, processors, packers and marketers of those categories. Additional information on each category is gathered from management companies, advertising agencies, market research firms, trade associations and wholesalers and retailers of the products.

The methodology used is varied, ranging from the tried-and-true methods of mail and telephone surveys, to old-fashioned book research into secondary sources, to the use of scanning data.

Initially, respondents in each category are sent a questionnaire about that category. Respondents to our questionnaire are supplied with sales estimates from the 44th Annual CES (1990) for the product lines in which they specialize. We ask them to indicate the percentage change in retail sales for these products in all outlets and through grocery stores alone. It should be stressed that we ask them to supply industry-wide figures, and not their own sales figures. They also have the option to adjust previous sales figures according to their knowledge of the market.

Once these responses are recorded, they are verified by referring to any number of secondary sources, and retail scanning data. Wherever possible, each figure is cross-checked, even if the response comes from a marketer who has a 75 percent share of a category.

The result of all this is the consolidation of information into one set of numbers representing the percentage change in the total domestic, grocery and supermarket sales from 1990 to 1991, which is then applied to the 1990 base figure or, if situations warrant, a revised 1990 base figure.

Wherever the 1990 sales of a category or department have been revised, a footnote appears explaining the revision.

GLOSSARY OF TERMS

To assist with interpretation of our findings, definitions of terms used in this report are given below.

Supermarket: Complete, full-line self-service and partial service food market, with annual sales of at least $2 million.

Superette: Self-service or service food store handling groceries, meats and produce, with annual sales of $1 million to $2 million.

Convenience Store: Small food store, usually open extended hours and selling a limited line of fast-moving items.

Specialty Store: Store whose primary line may be meat, dairy, produce, drug or general merchandise.

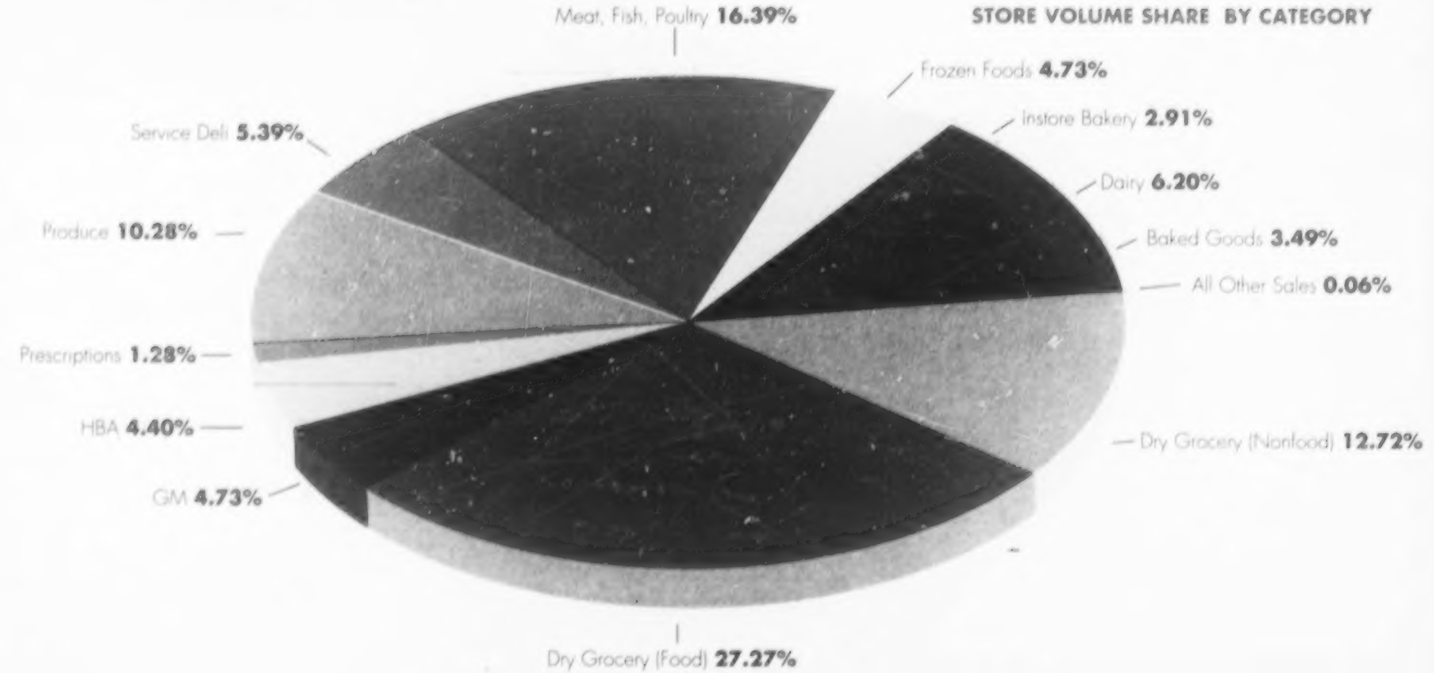
All Other Food Stores: Small (less than $1 million annual sales) general food stores, or food stores not classified above.

Chain: An operation of 11 or more retail food stores, regardless of individual dollar volume.

45th ANNUAL CONSUMER EXPENDITURES STUDY

Highlights

STORE VOLUME SHARE BY CATEGORY



A look at the numbers ...

In the typical year—well, typical since the mid-Eighties, anyway—at this point in the story, we always remind you that because prices were up, your stores didn't really do any better last year than they did the year before in terms of moving additional product.

But 1991 *wasn't* a typical year.

Prices of supermarket items, especially food consumed at home, did *not* rise in 1991. According to the U.S. Department of Labor's Bureau of Labor Statistics, food purchased for home consumption—i.e. grocery, supermarket and specialty food stores—carried a combined average price tag that virtually matched 1990's.

Apply these stable prices to the increase in total dollars rung up by grocery stores and supermarkets last year, and you see that the amount of actual product sold by supermarkets increased 2.7 percent. Tonnage across all grocery outlets rose 2.3 percent. This was quite a change from the tonnage contraction suffered in the previous two years— a loss of 1.7 percent in 1990, and 0.4 percent in 1989.

The major change affecting the industry last year, the

TOTAL SUPERMARKET SALES EXPANDED IN 1991 BY 2.7 PERCENT

Perishables produced the bulk of supermarket sales in 1991, generating nearly half (49.4 percent) of total store volume. Beneath the total perishables umbrella, fresh meat, fish and poultry were the sales leaders, providing a third of all perishables sales.

The dry grocery foods category was number two in the checkout parade, contributing 27.3 percent of store sales and when combined with the perishables share, 67 percent of the total.

Nonfoods contributed 23 percent of overall supermarket sales in 1991, and the biggest contributor under that heading was dry goods, with a 12.7 percent share.

While per capita supermarket spending increased by $24.43 to an annualized average of $1,089.71 per person, household spending actually decreased slightly, to $54.70 a week.

The reason for the apparent contradiction? The number of households in the U.S. increased by 3.6 million, while actual population growth was estimated at only about 700,000. It can be deduced that many of these new households are small, possibly consisting of a single person. In that sense, perhaps per capita and household spending are one and the same in a growing number of cases.

WEEKLY SPENDING IN SUPERMARKETS†—
$54.70 PER HOUSEHOLD

	1991		1990	
Population	249.4 million		248.7 million[1]	
Households	95.5 million		91.9 million[1]	
	Annual	Week	Annual	Week
Perishables				
Per Capita	$ 539.06	$10.37	$ 520.89	$10.01
Per Household	1,407.03	27.06	1,423.58	27.37
Dry Grocery (Food)				
Per Capita	297.57	5.72	287.96	5.53
Per Household	776.72	14.94	786.99	15.13
Total Foods				
Per Capita	836.63	16.09	808.85	15.55
Per Household	2,183.75	41.99	2,210.57	42.51
Dry Grocery (Nonfood)				
Per Capita	138.78	2.67	138.76	2.66
Per Household	362.25	6.97	379.24	7.29
General Merchandise/HBA				
Per Capita	99.66	1.92	102.18	1.96
Per Household	260.13	5.00	279.27	5.37
Grand Total*				
Per Capita	$1,089.71	$20.96	$1,065.28	$20.48
Per Household	2,844.32	54.70	2,882.86	55.43

Note: Population and household data are from U.S. Bureau of the Census. Includes one-person households. Excludes armed forces overseas. Sales figures are from 1992 CES.

* Total includes merchandise sales not classified above.

† Supermarkets are defined as grocery stores with annual sales of over $2 million.

[1] Actual Figures from 1991 U.S. Census Estimate.

Highlights

change that led to much of 1991's tonnage gain, was the screeching to a halt of the industry's annual food price increases. Stabilizing prices, in fact, may have been one incentive luring shoppers back to the supermarket.

Indeed, for the first time in years, supermarket sales and tonnage increases kept pace with those of foodservice outlets. Dollar sales in restaurants and other foodservice establishments rose 5.4 percent last year. But prices also increased, gaining 2.9 percent. In total, therefore, the foodservice sector's tonnage rose only 2.5 percent.

This is very good news for the grocery industry, which has been especially hard-put to match foodservice industry gains in the fast-food and home-delivered segments, segments that have seen the greatest growth.

Not that 1991 was a bad year for foodservice. Tonnage in grocery and foodservice outlets was up. This was due, in part, to an increase in the population. The official estimate of the U.S. Bureau of the Census puts the 1991 U.S. population at 249.4 million. That is, reportedly, an increase of 700,000 over 1990's estimated population.

The needs of an additional 700,000 people alone account for extra grocery unit sales equivalent to some $763 million, as well as another $532 million in extra foodservice sales.

Last year's reported rise in the U.S. population comes on the heels of 1990's reported population drop of 100,000. If this roller-coaster trend were in fact an accurate depiction of reality, the 1991 increase would represent quite a jump. But we all know the "official" population differs from the actual population. People and groups not measured by the Census are growing much faster than the "official" population. This real growth is enough to explain the added tonnage in both grocery and foodservice last year.

So far this year, grocery store sales appear to be follow-

HOW AN AVERAGE HOUSEHOLD DOLES OUT ITS DOLLARS IN GROCERY STORES EACH WEEK

With a greater number of households spending less on average, supermarket spending patterns were somewhat more fragmented last year than in 1990, lending greater significance to those categories that enjoyed per-household sales increases.

Perishables achieved a small increase over last year (0.4 percent) with fish (2 percent), produce (4.1 percent) and fresh baked goods (11.6 percent) being the most popular choices. Slightly less per household was spent on frozen foods in 1991 (down 2.9 percent).

Most of the shelf stable food categories experienced declines in 1991. Canned fish dollars were down by a sharp ten percent, while canned meat and poultry product sales plummeted by 7.1 percent.

In a clear show of preference, households shelled out 10.5 percent more for traditional soft drinks, while prepared drinks took a 9.3-percent nosedive.

Spending for household items decreased overall last year by 3.6 percent. With the major share of the category accounted for by such staple items as soaps and paper supplies, it is apparent that consumers are buying more on sale, or trading down to lower-priced private labels.

More household dollars were spent on health and beauty aids in 1991, with spending for costly prescription drug items up by more than 11 percent over 1990 totals. In sharp contrast, spending for general merchandise items was down by $.90 per household, on average.

	1991	1990	Change
Perishables			
Baked goods	$ 2.67	$ 2.67	0.0%
Dairy	4.89	4.95	- 1.3
Frozen foods	3.33	3.43	- 2.9
Fresh meat and provisions	8.47	8.62	- 1.7
Fresh fish	.81	.77	+ 5.2
Fresh poultry	1.95	1.98	- 1.5
Produce	7.05	6.77	+ 4.1
Instore bakery	1.63	1.46	+11.6
Instore deli	2.73	2.75	- 0.7
Total	**$ 33.53**	**$ 33.40**	**+ 0.4%**
Dry Grocery (Food)			
Beer	$ 3.36	$ 3.45	- 2.6%
Wine, liquor, coolers	.55	.59	- 6.8
Baby food	.60	.56	+ 7.1
Breakfast foods	1.76	1.70	+ 3.5
Candy and chewing gum	.78	.78	0.0
Canned foods			
Fruits	.36	.37	- 2.7
Juices and drinks	.96	.93	+ 3.2
Meat and poultry	.26	.28	- 7.1
Milk	.08	.08	0.0
Seafood & fish	.36	.40	- 10.0
Soups	.59	.59	0.0
Vegetables	.66	.69	- 4.3
Prepared drinks	1.36	1.50	- 9.3
Dried foods	.69	.71	- 2.8
Jams, jellies and preserves	.45	.45	0.0
Pasta	.29	.29	0.0
Desserts	.13	.13	0.0
Soft drinks	2.52	2.28	+10.5
Sugar	.31	.33	- 6.1
Miscellaneous	4.19	4.24	- 1.2
Total	**$ 20.26**	**$ 20.37**	**- 0.5%**
Total Foods	**$ 53.79**	**$ 53.77**	**0.0%**
Dry Grocery (Nonfood)			
Paper goods	$ 2.44	$ 2.55	- 4.3%
Soaps, detergents	1.19	1.26	- 5.6
All other household supplies	1.24	1.27	- 2.4
Pet foods	1.26	1.30	- 3.1
Tobacco products	3.22	3.30	- 2.5
Total	**$ 9.35**	**$ 9.70**	**- 3.6%**
General Merchandise/HBA			
Health and beauty aids (nonprescription)	$ 2.96	$ 2.84	+ 4.2%
Prescriptions	.70	.63	+11.1
Housewares	.28	.28	0.0
All other general merchandise	1.94	2.84	- 31.7
Total	**$ 5.88**	**$ 6.23**	**- 5.6%**
All other sales NCE	.76	1.21	- 37.2%
Grand Total	**$69.78**	**$70.91**	**- 1.6%**

Source: 1992 CES

Highlights

FOOD STORE SALES

For the purpose of this study, supermarkets are defined as food stores doing at least $2 million in annual sales. But in 1991, the average supermarket grossed better than four times that amount. The year's average supermarket volume of $8.85 million marks a $200,000 improvement over the prior year's figure.

The number of chain-operated supermarkets grew by 5 percent in 1991, but independents managed to increase their share of total supermarket sales by just over a percentage point.

By Store Volume

	SALES (000)		% OF VOLUME	
	1991	1990	1991	1990
Supermarkets[1]	$ 271,789,274	$ 264,935,354	73.3%	73.1%
Superettes[2]	22,177,984	21,753,816	6.0	6.0
Other Grocery Stores[3]	52,563,742	52,167,830	14.2	14.4
Total Grocery Stores	$ 346,531,000	$ 338,857,000	93.5%	93.5%
Specialty Food Stores[4]	24,276,000	23,477,000	6.5	7.5
Total Food Stores	$ 370,807,000	$ 362,334,000	100.0%	100.0%

---

1 Over $2 million
2 $1 million to $2 million
3. Under $1 million including convenience stores and other small grocery stores.
4. Includes meat, seafood, fruit and vegetable markets, confectionary, bakery, deli and other foodstores.
Source: 1992 CES

By Store Affiliation

	1991	1991
Independent Grocery Stores	$ 52,095,850	14.1%
Chain Grocery Stores*	$ 294,551,350	79.4%
Total Grocery Stores	$ 346,531,000	93.5%
Specialty Food Stores	$ 24,276,000	6.5%
Total Food Stores	$ 370,807,000	100.0%

---

*Chains (11 or more stores)

GROCERY STORE SALES TRENDS: 1991*

Number of Grocery Stores	**140,000**
Sales (000)	$ 346,531,000
Sales per Store	$ 2,475,221
"People" per Store	1,781
Number of Grocery Stores	
Over$2 Million	30,700
$1 Million–$2 Million	12,100
$500,000–$1 Million	19,700
$500,000 or more	62,500
All Other	77,500
Sales (000)	
Over$2 Million	$ 271,789,274
$1 Million–$2 Million	22,177,984
$500,000–$1 Million	18,712,674
$500,000 or more	$ 312,679,932
All Other	$ 33,851,068

Sales Per Store	
Over$2 Million	$ 8,853,071
$1 Million–$2 Million	1,832,891
$500,000–$1 Million	949,882
Less than $500,000	436,796
Chains (11 or More Stores)**	**23,800**
Total Sales (000)	$294,551,350
Sales per Store	$ 12,376,107
% of Total Sales	85.0%
All Other Stores**	**116,200**
Total Sales (000)	$ 52,095,850
Sales per Store	$ 448,329
% of Total Sales	15.0%

---

* Grocery store sales reported by U.S. Department of Commerce
** Includes all grocery stores regardless of annual sales volume.

ing 1991's pattern. Nationally, sales through the first six months are within one to two percent of where they were last June. Regionally, sales performance varies with the local economy.

While good for the consumer, the news is at best a mixed blessing for retailer and manufacturer. Many report price cuts and more promotions, as they strive to drive sales.

A product-by-product view

Product by product, turnaround occurred in a number of categories ... sometimes for better, sometimes not. After years of steady increases in some categories and decaying sales in others, just the opposite performance was recorded last year. Too, new categories appeared on the scene, while others faded. Categories that were hot for a year or two took a nosedive; trendy new ones emerged.

All major food store departments gained last year. But health and beauty aids and general merchandise, up 7.9 percent and 5.2 percent respectively, posted the largest increases. Both increases are higher than the gains these sections enjoyed the year before.

The HBA increase was built on the strength of double-digit gains in family planning (+10.3 percent) and prescription drugs (+16.0 percent). Family planning is a relatively small category (with sales of just $113 million in grocery). But prescription drugs, with 1991 sales of $3.48 billion in supermarkets, is the biggest HBA category, significant enough to noticeably affect total HBA performance.

Equally important, it's profitable business. Prescriptions' 52.5 percent gross margin is among the highest of any major category in the store.

Packaged medications, up 8.8 percent, also gave HBA a boost. Packaged meds are, at $2.92 billion, the second-largest HBA category after prescriptions. Given the extremely large sales of both packaged medications and prescription drugs in supermarkets, it's easy to see why health care products are important not only to consumers, but to operators.

By comparison, sales of HBA categories such as nail care, cosmetics, skin care and hair care, grew at a much slower rate.

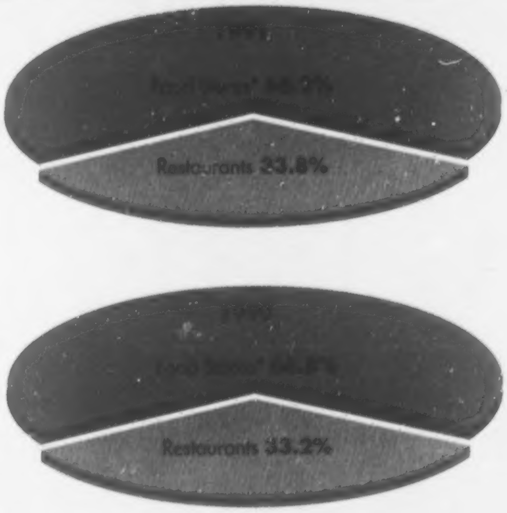
There were also some precipitous declines. "What goes up, must come down" clearly applies to sales of several once-hot categories. Diet aids lost bodysize, after posting a hefty 25.4 percent gain in 1990. Has America lost enough weight? Are people turning to other panaceas? Or has the diet aids business simply become more competitive, depressing prices? Whatever the reason, 1991 diet aids sales in grocery stores fell 9.2 percent.

As for general merchandise, its 5.2 percent sales gain can be traced to healthy hikes in its four largest categories. The largest GM increase came in audio/video (+9.9 percent), a

Highlights

SHARE OF FOOD DOLLAR—FOOD STORES VS. RESTAURANTS

On and on (for 20 years and counting) looms the specter of restaurant, fast food and other foodservice outlets wrenching food dollars from supermarkets ... and on and on, the numbers stay essentially the same, with supers ringing up twice the sales dollars (66.8 percent of the total) as their feared enemies. The evolution predicted by some industry "visionaries" as far back as the early 1970s, whereby eateries would grow to command 50 percent of total food expenditures, appears to be somewhat slow in materializing.



---

*Includes specialty food shops. Source: U.S. Dept. of Commerce Bureau of Labor Statistics

RANKING OF RETAIL SALES BY TRADE

As expected, retail sales growth was less than spectacular in 1991. Most industries did not see sales increase more than two or three percent, among those that increased at all. The largest growth spurt was exhibited by drug and proprietary stores. Restaurants posted the second highest growth rate at 5.1 percent. The grocery industry ranked sixth among all retail trades with its 2.3-percent sales increase over the prior year's performance.

Automotive sales and services suffered during the year. Motor vehicle dealerships reported sales down by 2.3 percent, while service station volume was off 2.8 percent. The apparel and building supply industries reported flat results in 1991.

	1991 Sales (Millions)	Percent of Total	Change vs. 1990
All Retail Sales	**$1,821,397**	**100.0%**	**+ 0.7**
Building Supply, Hardware Stores	92,419	5.1	0.0
Eating & Drinking Establishments	189,398	10.4	+ 5.1
General Merchandise Group	218,183	12.0	+ 2.8
Apparel Group	95,612	5.2	+ 0.1
Gasoline Service Stations	128,137	7.1	- 2.8
All Other Retail Stores	167,277	9.2	- 2.0
GROCERY STORES	346,531	19.0	+ 2.3
Motor Vehicle Dealers	373,128	20.5	- 2.3
Liquor Stores	21,402	1.2	+ 3.0
Drug & Proprietary Stores	74,904	4.1	+ 9.2
Furnishings, Appliances	90,130	4.9	- 3.2
Specialty Food Stores	24,276	1.3	+ 3.4

Source: U.S. Dept. of Commerce

result of strong video rental and sales. Housewares garnered 5.1 percent more sales, while periodicals increased 6.8 percent. Miscellaneous GM, a catch-all category of small items that add up to big volume, increased 8.7 percent.

A whole lotta food going out

Compelling proof that grocery store sales grew by more than the 2.3 percent cited by the Department of Commerce comes from our figures for grocery store food sales. Food categories (both dry grocery and perishables) account for 77 percent of total grocery sales. Last year's food sales of $267 billion represented a 3.4 percent increase over 1990.

Perishables, with 49 percent of total store sales, still rule the sales roost in supermarkets. The good news is that sales of almost all perishables categories increased in 1991. The exception was dairy, which dropped... but not by much—just 0.1 percent. In total, perishables rose 4.4 percent.

Though perishables sales increases were not in every case large, collectively category size can make any gain a *significant* one. And there were were some substantial increases, especially among the service sections—once again coming through with double- digit growth, instore bakery rose 11.2 percent, while service deli was up 14.9 percent.

Interestingly, several key increases in perishables were much smaller than those posted by the service departments. Produce brought in 7.8 percent more dollars last year than in 1990; while meat rang up 2.2 percent more. Meat's increase is noteworthy in that it reflected some actual tonnage increases in individual product categories, rather than merely the price-driven increases meat has seen for the past few years.

The significance of these sales increases is due, quite simply, to their size. In 1991, annual sales of produce and meat were $28 billion and $44.6 billion respectively.

Dry grocery categories did not post quite the same increases that perishables did, an indicator, perhaps, that the move to fresh is still very much alive.

As a whole, the dry grocery/ food categories increased just 1.9 percent last year. That's in contrast to its 3.5 percent 1990 increase.

Essentially, three factors are responsible for dry grocery's 1991 performance: First, obviously, is deflation. In 1991, the price of many grocery items fell ... which means that if the same number of units are sold, sales dollars drop.

Second, again, is the continuing consumer move to fresh, as well as to more convenient foods, which includes frozens (up 0.1 percent in 1991). Doubtless as a result, canned goods dropped.

The third factor is growing consumer concern for health issues. Some dry grocery food products probably lost ground because of their salt, calorie or fat contents. Coffee is a prime

Text continues on page 46

SALES GROWTH OVER 16 YEARS

The 'Inflation Zone'

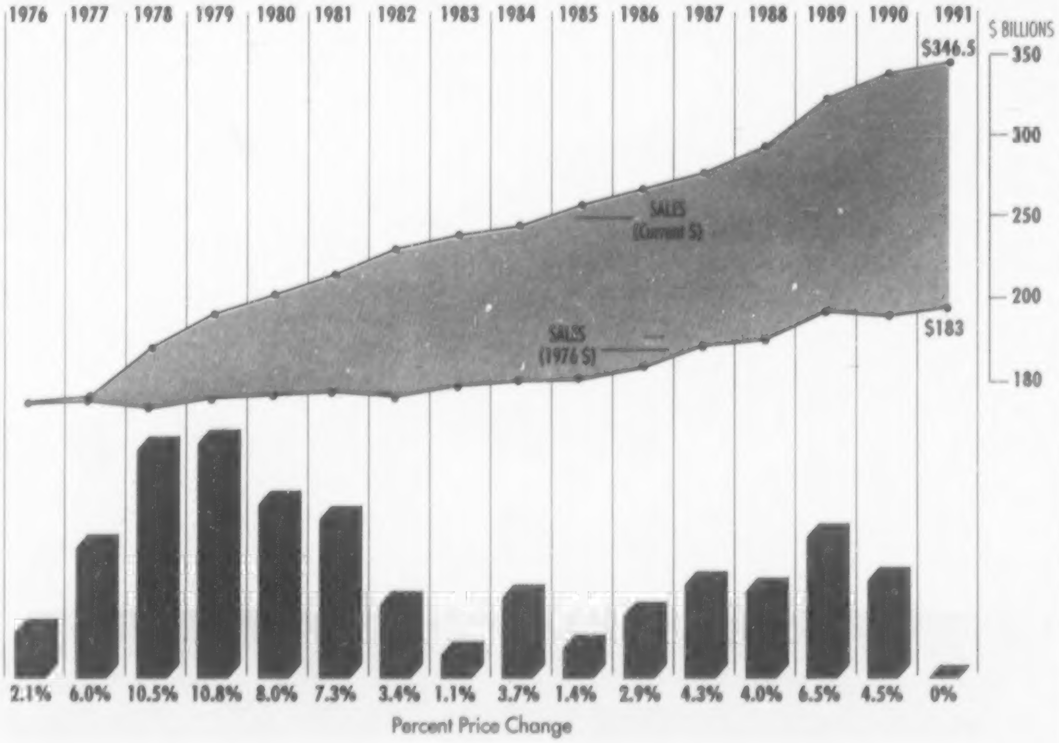
Talk about entering another dimension in space and time. In 1976, the total grocery store sales figure was $183 billion. Fast-forward to 1991, and you're looking at $346.5 billion. And that's including years of very low inflation.

CPI Changes

Up 18.5 percent in 1990. Down 12.7 percent in 1991. What does that have to do with the price of bacon? Everything, according to the Bureau of Labor Statistics. Those figures were, in fact, the price changes for bacon over that time.

The prices for most meat and poultry products went down in 1991 following the relatively stiff increases of 1990. The notable exception was pork, which increased in price by 3.3 percent. Fresh and frozen fish retails also rose, by 2.3 percent overall.

Dairy section items also had higher price tags, except for eggs, which fell off by 18.5 percent. Moving to the produce department, prices were generally down, with the exceptions of apples and tomatoes.



CHANGES IN CONSUMER PRICE INDEX 1990-91 FOR SUPERMARKET PRODUCTS*

	Percent Change 1991	Percent Change 1990
Food	**1.0**	**5.8**
Food away from home	2.9	4.7
Food at home	0.0	6.5
Food and beverages	1.5	5.8
Cereals & Bakery	**3.2**	**5.7**
Bread, white	2.8	5.3
Other bread	2.8	6.4
Cookies & cakes	4.1	5.9
Flour, prepared mixes	1.6	4.2
Rice, pasta & corn meal	.6	3.6
Fresh Beef & Veal	**- 1.3**	**7.4**
Sirloin steak	- 3.8	3.5
Ground beef	- .5	8.9
Chuck roast	- .1	11.5
Round roast	- .1	7.1
Round steak	.6	5.5
Pork	**3.3**	**14.7**
Chops	- 4.5	14.4
Bacon	-12.7	18.5
Ham	- 5.4	12.8
Sausage & other pork	- 5.4	14.8
Other Meats	- .3	9.4
Poultry	**- .8**	**- .2**
Fresh whole chicken	.2	- 1.5
Fresh & frozen chicken parts	- .6	.1
Other poultry	.5	1.7
Fish & Seafood	**2.3**	**1.7**
Canned fish	- .8	- 3.8
Fresh & frozen fish and seafood	3.1	3.4
Dairy Products	**2.4**	**9.5**
Fresh whole milk	2.2	10.9
Eggs	-18.5	4.8
Cheese	2.9	11.7
Ice cream & related products	2.2	6.8
Other dairy products (including butter)	1.0	.8
Fresh Fruits & Vegetables	**- 2.5**	**8.8**
Apples	10.1	4.9
Bananas	- 1.3	4.9
Oranges and tangerines	- 8.8	9.3
Potatoes	- 6.2	3.6
Lettuce	-21.0	- .7
Tomatoes	5.5	11.0
Processed Fruits	**1.1**	**9.0**
Frozen fruit & fruit juices	.1	10.7
Canned & dried fruits	4.8	2.0
Processed Vegetables	**1.2**	**2.6**
Frozen vegetables	.7	4.0
Other processed vegetables	1.4	2.1
Sugar & Sweets	**3.7**	**-**
Sugar & artificial sweeteners	.2	4.1
Other sweets	4.9	4.5
Beverages	**- .7**	**-**
Carbonated drinks	.3	3.4
Noncarbonated drinks	2.2	5.4
Coffee	- 4.5	- 2.4
Alcoholic Beverages	**5.5**	**4.7**
Beer & ale	6.5	4.6
Distilled spirits	4.5	4.9
Wine	6.4	3.0
Fats & Oils	**- 1.3**	**4.2**
Other Prepared Foods	**2.7**	**4.5**
Canned, packaged soup	6.3	6.5
Frozen prepared foods	.5	2.0
Snacks	.7	2.8
Seasonings, olives, pickles, relish	4.9	5.5
Housekeeping Supplies	**1.4**	**3.5**
Soaps & detergents	3.7	3.6
Household paper products	.6	4.4
Tobacco & Smoking Products	**8.6**	**10.4**
Health & Beauty Aids	**2.6**	**-**
Prescriptions	8.6	-
Personal care	1.8	4.3
Cosmetic, bath & nail products, manicure & eye makeup implements	1.7	4.6
Other toilet goods	4.3	3.4
Miscellaneous		
Newspapers	8.0	4.2
Magazines, books	.3	5.8
Photo supplies	.9	2.5
Motor oil, coolant & other products	-12.5	14.0
Pet supplies	1.2	3.2

Note: All figures are positive (+) unless otherwise noted.
* Source: Bureau of Labor Statistics. Consumer Price Index, January 1992.

Highlights

continued from page 40

example of a category whose erosion is due at least in part to people's concerns about caffeine; it was off nine percent, though, to be sure, part of that dollar loss was a result of price decreases.

But things could be worse. If growth in dry grocery/food was slow last year, dry grocery/nonfoods was positively moribund. As a whole, the section neither gained nor lost sales in 1991. Gainers in the category were canceled out by virtually identical losses elsewhere in the group.

At 19 percent of U.S. retail sales totalling $1.821 trillion, the grocery industry continues to play a major role in the nation's economy. Grocery's 1991 share, up from 18.7 percent in 1990, is second only to motor vehicle dealerships, which, at $373.1 billion in 1991, accounted for 20.5 percent of all U.S. retail sales.

It may be that, by the end of this year, grocery will have edged out autos and taken the lead: While grocery sales were increasing 2.3 percent, motor vehicle sales were dropping 2.3 percent. To be sure, other industries grew faster than grocery. But these industries, such as drug stores (+9.2 percent) and restaurants (+5.1 percent) are much smaller.

Thus, in a period of economic stagnation, the grocery segment increased much more than did retailing in general: The $1.821 trillion 1991 retailing total represents a dollar sales increase of some $13 billion over the previous year. And of that $13 billion gain, grocery alone accounted for $7.7 billion or more than half—59 percent, in fact—of the increase.

Apparently, its essential nature is once again standing the food business in good stead. Grocery's recent performance vis-a-vis retailing as a whole bears out the time-honored truism that, "Come what may, people must eat."

Together, grocery stores, foodservice outlets and specialty food stores accounted for more than $560 billion in sales in 1991— about 31 percent of all retail sales. That is, nearly a third of all retail dollars spent in the U.S. went for food and related items.

For players in the supermarket business, that's some consolation. The business may not be booming ... but at least it isn't going away.

CATEGORIES THAT INCREASED IN SALES IN 1991

Largest Percentage Increases in Dollar Sales

Category	1991 Grocery Store Sales (000)	Percent Increase	% of Store Volume
Video Cassette Sales	190,788	57.4	0.06
Cough Medications	377,692	38.7	0.11
Toothbrushes	203,560	27.3	0.06
Incontinence Products	115,61[illegible]	25.9	0.03
Diarrhea Remedies	166,628	24.6	0.05
Toaster Pastries	233,409	23.7	0.07
Packaged Cold Cuts	4,706,782	22.2	1.36
Plastic Cutlery	66,582	20.9	0.02
Cereal Bars	406,128	19.0	0.12
Onions	977,452	18.8	0.28
Routine Infant Formulas	1,501,747	18.4	0.43
Croutons	40,105	17.0	0.01
Tomatoes	2,543,001	16.6	0.73
Antifreeze	206,803	16.2	0.06
Freezer Paper	24,026	16.1	0.01
Video Cassette Rentals	845,000	16.0	0.24
Fever Thermometers	18,113	16.0	0.01
Prescriptions	3,480,916	16.0	1.00
Frozen Yogurt	302,260	15.7	0.09
Apricots	24,711	15.2	0.01

Largest Volume Increases in Dollar Sales

Category	Dollar Sales Increase (000)	Percent Increase	% of Store Volume
Service Deli	1,901,240	14.9	4.23
Other Fresh Vegetables	1,224,525	12.0	3.30
Packaged Cold Cuts	855,078	22.2	1.36
In-Store Bakery	797,225	11.2	2.34
Ready-to-Eat Cereals	489,172	7.1	2.13
Prescriptions	480,126	16.0	1.00
Beef	453,271	2.1	6.36
Tomatoes	362,040	16.6	0.73
Fresh Fish & Other Seafood	279,298	7.5	1.16
Bananas	263,046	13.0	0.66
Routine Infant Formulas	233,380	18.4	0.43
Filter-Tipped Cigarettes	232,883	1.6	4.27
Fruit Drinks	226,931	15.1	0.50
Domestic Beer	204,566	1.3	4.60
Frankfurters	203,343	11.5	0.57

CATEGORIES THAT DECREASED IN SALES IN 1991

Largest Percentage Decreases in Dollar Sales

Category	1991 Grocery Store Sales (000)	Percent Decrease	% of Store Volume
Semi-Moist Cat Food	140,457	- 18.4	0.04
Dates	30,280	- 18.0	0.01
Diet Supplements	85,442	- 17.8	0.02
Ham	179,803	- 17.1	0.05
Baby Shampoo	65,620	- 16.3	0.02
Vegetable Combinations & Sauce, Frozen	493,631	- 16.0	0.14
Other Sausage Products	2,646,962	- 15.8	0.76
Semi-Moist Dog Food	115,909	- 13.5	0.03
Lard	29,095	- 12.4	0.01
Soap Flakes, Chips, Powders	29,068	- 11.3	0.01
Feminine Sprays	3,891	- 10.8	0.00
Mouthwash & Gargles	350,499	- 10.5	0.10
Buffing Floor Wax	4,967	- 10.3	0.00
Canned Sardines	84,072	- 10.1	0.02
Douches	29,782	- 10.1	0.01
Corned Beef	55,496	- 10.0	0.02
Instant Coffee	1,027,789	- 9.8	0.30
Waxed Paper	32,118	- 9.5	0.01
Dried Beans & Peas	231,203	- 9.3	0.07
Window Cleaners	97,524	- 8.8	0.03

Largest Volume Decreases in Dollar Sales

Category	Dollar Sales Decrease (000)	Percent Decrease	% of Store Volume
Other Sausage Products	- 496,698	- 15.8	0.76
Regular Coffee	- 309,923	- 9.1	0.89
Fresh Milk	- 180,589	- 2.5	2.03
Toilet Paper	- 163,277	- 5.7	0.78
Packaged Bacon	- 160,880	- 7.2	0.60
Cured Ham & Picnics	- 126,821	- 5.8	0.59
Frozen Dinners/Entrees	- 125,120	- 6.0	0.57
Sausages (uncooked)	- 119,249	- 9.2	0.34
Instant Coffee	- 111,667	- 9.8	0.30
Natural Cheese	- 99,854	- 4.3	0.66
Vegetable Combinations & Sauce, Frozen	- 94,025	- 16.0	0.14
Canned Tuna	- 93,882	- 6.2	0.41
Other Liquid Detergents	- 83,516	- 6.7	0.34
Eggs	- 77,065	- 4.9	0.44
Processed Cheese	- 76,477	- 3.1	0.71

45th ANNUAL CONSUMER EXPENDITURES STUDY

Summary

1991 TOTAL SALES		GROCERY STORE PERFORMANCE					SUPERMARKET PERFORMANCE			
(add 000 to all dollar figures)	A Value of Total Retail Sales (all outlets)	B Amount Spent in Grocery Stores	C % of Total Store	D % Grocery to Total	E % Change from '90 to '91 Total	E % Change from '90 to '91 Grocery	F Amount Spent in Supermarkets	G % of Total Supermarket	H Dollar Margin	I % Margin
PERISHABLES	**241,959,363**	**166,552,884**	**48.06**	**69**	**3.7**	**4.4**	**134,448,718**	**49.39**	**41,946,358**	**31.2**
Baked Goods	20,281,591	12,928,544	3.82	64	0.7	0.3	9,504,047	3.49	2,850,432	30.0
Instore Bakery	7,915,305	7,915,305	2.34	100	11.2	11.2	7,915,305	2.91	4,487,978	56.7
Dairy	41,797,285	23,763,916	7.01	57	-0.8	-0.1	16,879,816	6.20	3,876,751	23.0
Frozen Foods	22,563,198	16,521,804	4.77	73	1.0	0.1	12,878,651	4.73	3,516,773	27.3
Fresh & Cured Meat, Fish & Poultry	82,062,687	55,774,511	16.10	68	1.9	2.2	44,619,609	16.39	10,217,890	22.9
Service Deli	14,661,240	14,661,240	4.23	100	14.9	14.9	14,661,240	5.39	6,304,333	43.0
Produce	52,678,057	34,987,564	10.10	66	8.0	7.8	27,990,052	10.28	10,692,200	38.2
DRY GROCERY (FOOD)	**148,933,769**	**100,597,341**	**29.03**	**68**	**1.0**	**1.9**	**74,219,220**	**27.27**	**16,940,088**	**22.8**
Baby Foods	3,390,386	2,985,502	0.86	88	11.2	11.7	2,138,928	0.79	111,312	5.2
Baking Needs	3,146,658	2,846,516	0.82	90	1.6	1.9	2,076,635	0.76	442,821	21.3
Beer, Wine & Liquor	39,168,009	19,448,501	5.61	50	-2.4	0.4	13,325,687	4.90	2,472,683	18.6
Breakfast Foods	8,864,615	8,717,106	2.52	98	7.2	7.3	6,592,746	2.42	1,498,219	22.7
Candy & Chewing Gum	11,344,110	3,883,510	1.12	34	3.4	2.9	3,010,275	1.11	970,671	32.2
Canned Fish & Canned Seafood	2,028,881	1,807,553	0.52	89	-5.5	-5.6	1,384,777	0.51	262,805	19.0
Canned Fruits	2,049,740	1,780,063	0.51	87	0.1	0.2	1,290,279	0.47	284,154	22.0
Canned & Bottled Juices & Drinks	5,591,349	4,780,664	1.38	86	8.0	7.9	3,282,593	1.21	783,030	23.9
Canned Meat & Specialty Foods	1,685,358	1,293,934	0.37	77	-2.9	-3.7	930,543	0.34	208,800	22.4
Canned Milk	436,682	392,864	0.11	90	-1.3	-1.5	298,576	0.11	51,355	17.2
Canned Prepared Foods	2,176,788	2,033,787	0.59	93	-1.5	-1.4	1,606,692	0.59	408,591	25.4
Canned & Dry Soups	3,101,042	2,954,502	0.85	95	4.8	4.8	2,266,331	0.83	566,138	25.0
Canned Vegetables	3,672,175	3,258,177	0.94	89	-0.9	-0.8	2,528,178	0.93	562,980	22.3
Condiments, Dressings, Spreads, Relishes	8,469,900	6,831,083	1.97	81	3.5	3.7	5,311,178	1.95	1,408,223	26.5
Desserts	696,547	611,394	0.18	88	2.0	2.0	469,690	0.17	103,032	21.9
Dried Foods	4,209,857	3,431,932	0.99	82	1.3	1.6	2,562,814	0.94	724,786	28.3
Fats & Shortenings	1,845,366	1,542,060	0.44	84	-2.5	-2.3	1,182,060	0.43	239,257	20.2
Jams, Jellies, Preserves	2,748,991	2,237,920	0.65	81	2.2	2.4	1,538,165	0.57	393,033	25.6
Pasta	1,984,852	1,424,368	0.41	72	3.4	3.2	1,068,276	0.39	302,322	28.3
Prepared Drinks	8,889,526	6,751,529	1.95	76	-5.8	-5.6	4,951,033	1.82	1,125,396	22.7
Snacks	10,205,281	6,612,726	1.91	65	3.4	3.0	4,322,718	1.59	1,206,518	27.9
Soft Drinks	20,227,725	12,512,363	3.61	62	2.1	3.7	10,234,514	3.76	2,408,572	23.5
Sweeteners, Flavors	2,999,931	2,459,284	0.71	82	0.4	0.2	1,846,532	0.68	405,388	22.0
TOTAL FOODS	**390,893,132**	**267,150,225**	**77.09**	**68**	**2.7**	**3.4**	**208,667,938**	**76.66**	**48,629,175**	**23.3**
DRY GROCERY (NONFOODS)	**72,982,811**	**46,419,221**	**13.40**	**64**	**1.4**	**0.0**	**34,614,948**	**12.72**	**7,778,957**	**22.5**
Home Canning Supplies	118,251	94,796	0.03	80	0.5	0.4	78,681	0.03	17,939	22.8
Laundry Supplies	1,729,735	1,599,676	0.46	92	-2.6	-2.6	1,158,779	0.43	245,031	21.1

HOW TO USE THESE CHARTS

A This column shows total retail sales of a product line or category through all outlets. The value of a product is computed as if the product were sold at grocery store prices. Example: Total Retail Sales of Baked Goods = $20,281,591,000.

B This column shows the amount actually spent in grocery stores for each product line or category. Grocery stores are defined as retail outlets doing a major portion of their business in dry groceries. Example: Total Grocery Sales of Baked Goods = $12,928,544,000.

C This column shows the percentage of the total grocery store volume that is contributed by each product line or category. Example: 3.82% of the Total Grocery Store Sales come from the sale of Baked Goods.

D This column shows the share of the total sales of a product line or category that is sold through grocery stores. Example: 64% of the total Sales of Baked Goods come from Grocery Stores.

E These columns show the year-to-year increase or decrease in total and grocery sales for each product line or category. Example: Total Sales of Baked Goods rose 0.7% and Grocery Store Sales of Baked Goods rose 0.3%.

F This column shows sales of a product line or category coming from those grocery stores which can be classified as "supermarkets." Supermarkets are defined as grocery stores with annual sales of over $2 million. Example: Supermarket Sales of Baked Goods totaled $9,504,047,000 in 1991.

G This column shows the percentage of the total supermarket volume that is contributed by each product line or category. Example: 3.49% of the Total Supermarket Sales comes from the sale of Baked Goods.

H This column shows the difference between the cost of an item and its retail price. Example: There was a difference of $2,850,432,000 between the total cost to supermarkets for Baked Goods and their retail sales in 1991.

I This column takes the dollar margin from column H and expresses it as a percentage. Example: There was a difference of 30.0% between the cost of Baked Goods and their supermarket retail price in 1991.

Summary

1991 TOTAL SALES		GROCERY STORE PERFORMANCE					SUPERMARKET PERFORMANCE			
	A	B	C	D	E		F	G	H	I
	Value of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores	% of Total Store	% Grocery to Total	% Change from '90 to '91		Amount Spent in Supermarkets	% of Total Supermarket	Dollar Margin	% Margin
(add 000 to all dollar figures)					Total	Grocery				
Soaps & Detergents	6,519,685	5,936,240	1.71	91	- 1.3	- 1.5	4,538,021	1.67	953,313	21.0
Other Cleaners, Cleansers & Supplies	3,684,475	2,418,692	0.70	66	- 0.6	1.0	1,748,722	0.64	526,387	30.1
Paper, Plastic, Foil Products	16,182,100	12,081,788	3.49	75	0.1	- 0.9	9,222,014	3.39	1,918,952	20.8
Pesticides & Rodent Control	698,019	385,562	0.11	55	8.6	5.7	293,027	0.11	101,974	34.8
Waxes & Polishes	357,443	279,873	0.08	78	- 3.0	- 2.7	194,499	0.07	51,523	26.5
Other Household Supplies	3,222,080	1,416,367	0.41	44	12.8	6.0	857,484	0.32	312,099	36.4
Pet Foods	6,887,959	6,220,830	1.80	90	0.2	- 0.3	4,492,408	1.65	875,862	19.5
Tobacco Products	33,583,064	15,985,398	4.61	48	3.0	1.3	12,031,311	4.42	2,775,876	23.1
HEALTH & BEAUTY AIDS (Non-Rx)	**39,819,890**	**14,695,048**	**4.24**	**37**	**5.1**	**7.9**	**11,973,571**	**4.40**	**3,920,235**	**32.7**
Diet Aids	545,425	350,555	0.10	64	- 12.2	- 9.2	238,377	0.09	67,699	28.4
Cosmetics	5,845,087	722,225	0.21	12	3.0	0.9	538,161	0.20	201,411	37.4
Family Planning	750,986	113,461	0.03	15	6.8	10.3	102,521	0.04	47,212	46.1
Feminine Hygiene Products	1,932,447	1,182,859	0.34	61	1.8	7.2	1,031,676	0.38	294,602	28.6
Hair Products	4,869,437	1,877,584	0.54	39	1.8	2.7	1,685,087	0.62	546,927	32.5
Health Aids	1,259,185	572,584	0.17	45	1.8	1.1	474,605	0.17	175,375	37.0
Nail Care Products	694,615	129,199	0.04	19	7.8	5.4	108,527	0.04	45,364	41.8
Oral Hygiene Products	3,007,227	1,610,897	0.46	54	4.1	2.3	1,400,090	0.51	343,835	24.6
Packaged Medications	10,326,715	3,642,536	1.05	35	4.5	8.8	2,918,243	1.07	1,087,171	37.3
Personal Cleanliness Products	214,242	49,752	0.01	23	2.2	2.3	45,172	0.02	12,984	28.7
Personal Deodorants, Antiperspirants	1,334,409	734,875	0.21	55	3.4	2.8	654,038	0.24	173,974	26.6
Shaving Products	2,162,187	719,591	0.21	33	3.8	3.5	570,699	0.21	181,829	31.9
Skin Care Products	2,450,298	573,106	0.17	23	5.4	2.8	454,058	0.17	153,658	33.8
Vitamins & Tonics	1,691,011	656,901	0.19	39	3.1	3.4	538,659	0.20	214,386	39.8
Other Health & Beauty Aids	2,736,619	1,758,924	0.51	64	5.1	5.3	1,213,657	0.45	373,806	30.8
PRESCRIPTIONS	**31,371,162**	**3,480,916**	**1.00**	**11**	**15.1**	**16.0**	**3,480,916**	**1.28**	**1,827,481**	**52.5**
GENERAL MERCHANDISE	**ND**	**14,526,465**	**4.19**	**NC**	**—**	**5.2**	**12,883,468**	**4.73**	**4,769,963**	**37.0**
Audio & Video	13,442,811	1,462,485	0.42	NC	11.6	9.9	1,038,364	0.38	406,000	39.1
Auto Supplies	2,599,103	757,400	0.22	29	9.5	7.1	666,512	0.24	177,292	26.6
Electrical Appliances	ND	236,389	0.07	NC	—	- 2.3	219,841	0.08	69,470	31.6
Flashlights & Batteries	3,507,375	586,042	0.17	17	1.7	- 1.4	521,577	0.19	216,976	41.6
Greeting Cards	5,272,627	702,927	0.20	13	6.7	5.9	681,840	0.25	336,829	49.4
Hardware	ND	279,613	0.08	NC	—	2.1	271,225	0.10	98,183	36.2
Housewares **	5,697,999	1,400,546	0.40	NC	3.2	5.1	2,052,844	0.75	936,097	45.6
Other Housewares	ND	715,789	0.21	NC	—	0.0	0	0.00	0	0.0
Periodicals	12,127,401	2,237,993	0.65	18	1.8	6.8	1,812,774	0.67	520,266	28.7
Other Merchandise +	5,325,787	630,873	0.18	NC	5.1	2.0	492 449	0.18	234,493	47.6
Pet Accessories	1,950,715	512,511	0.15	26	7.8	7.5	497,136	0.18	226,197	45.5
Photo Supplies & Processing	9,786,184	1,804,608	0.52	18	- 0.5	- 0.8	1,660,240	0.61	371,894	22.4
Stationery	910,473	180,067	0.05	20	5.2	5.6	158,459	0.06	65,126	41.1
Toys	14,768,059	325,119	0.09	2	3.5	5.0	273,100	0.10	108,967	39.9
Underwear & Hosiery	6,269,114	1,060,664	0.31	NC	1.3	- 0.9	922,680	0.34	409,510	44.4
Writing Implements	1,159,273	133,907	0.04	12	7.7	8.0	129,890	0.05	64,166	49.4
General Merchandise NCE	ND	1,499,532	0.43	NC	—	8.7	1,484,536	0.55	528,495	35.6
TOTAL FOODS & NONFOODS*	**ND**	**346,271,873**	**99.93**	**NC**	**—**	**4.0**	**271,620,841**	**99.79**	**66,925,841**	**24.6**
SALES NCE	**ND**	**259,127**	**0.07**	**NC**	**—**	**- 95.6**	**168,433**	**0.06**	**59,962**	**35.6**
GRAND TOTAL*	**ND**	**346,531,000**	**100.00**	**NC**	**—**	**2.3**	**271,789,274**	**99.85**	**66,985,803**	**24.6**

—	Not Available
ND	Not determined
NCE	Not Classified Elsewhere
NC	Not Comparable

* Supermarket Margin based on total excluding prescriptions

** Includes only housewares categories listed on the following tables.

+ Includes categories listed on the following tables that are too small to list separately for summary purposes.

45th ANNUAL CONSUMER EXPENDITURES STUDY

Perishables

1991 TOTAL SALES		GROCERY STORE PERFORMANCE					SUPERMARKET PERFORMANCE				1990 PERFORMANCE			
(add 000 to all dollar figures)	Value of Total Retail Sales (all outlets)[1]	Amount Spent in Grocery Stores [2]	% of Total Store	% Grocery to Total	% Change [3] from '90 to '91 Total	% Change [3] from '90 to '91 Grocery	Amount Spent in Supermarkets	% of Total Supermarket	Dollar Margin	% Margin	Value of Total Retail Sales (all outlets)[1]	Amount Spent in Grocery Stores [2]	% of Total Store	% Grocery to Total
BAKED GOODS	**20,281,591**	**12,928,544**	**3.82**	**64**	**0.7**	**0.3**	**9,504,047**	**3.49**	**2,850,432**	**30.0**	**20,149,098**	**12,891,014**	**3.80**	**64**
Bread & Rolls [4]	10,650,157	6,669,379	1.97	63	0.8	1.1	5,002,034	1.84	1,435,584	28.7	10,560,763	6,595,369	1.95	62
Rolls, Bread Type	1,560,124	445,443	0.13	29	0.8	0.5					1,547,742	443,227	0.13	29
Variety Bread	2,067,072	1,025,874	0.30	50	0.7	1.0					2,052,703	1,015,717	0.30	49
White Bread	7,022,961	5,198,062	1.53	74	0.9	1.2					6,960,318	5,136,425	1.52	74
Crackers, Cookies, Biscuits	5,562,242	5,164,907	1.52	93	-1.5	-1.2	3,718,733	1.37	1,208,588	32.5	5,646,946	5,227,639	1.54	93
Bread & Cracker Crumbs	86,120	69,937	0.02	81	4.4	4.8	58,047	0.02	19,968	34.4	82,490	66,733	0.02	81
Croutons	59,599	40,105	0.01	67	16.3	17.0	35,292	0.01	10,129	28.7	51,246	34,278	0.01	67
Rice & Grain Cakes	158,571	88,538	0.03	56	6.2	6.6	54,008	0.02	14,636	27.1	149,314	83,056	0.02	56
Sweet Goods	3,764,903	895,678	0.26	24	2.9	1.3	635,931	0.23	161,527	25.4	3,658,340	883,938	0.26	24
Cakes & Pastries	2,612,195	554,486	0.16	21	5.8	4.7					2,468,993	529,595	0.16	21
Doughnuts	620,023	227,674	0.07	37	-7.2	-6.2					668,128	242,723	0.07	36
Pies	532,685	113,518	0.03	21	2.2	1.7					521,219	111,620	0.03	21
INSTORE BAKERY	**7,915,305**	**7,915,305**	**2.34**	**100**	**11.2**	**11.2**	**7,915,305**	**2.91**	**4,487,978**	**56.7**	**7,118,080**	**7,118,080**	**2.10**	**100**
DAIRY	**41,797,285**	**23,763,916**	**7.01**	**57**	**-0.8**	**-0.1**	**16,879,816**	**6.20**	**3,876,751**	**23.0**	**42,130,967**	**23,777,181**	**7.02**	**56**
Cheese	7,732,489	5,607,130	1.65	73	-2.3	-3.0	4,494,836	1.65	1,328,773	29.6	7,918,225	5,778,479	1.71	73
Cottage & Pot Cheese	607,651	441,441	0.13	73	-5.0	-4.3	317,838	0.12	78,188	24.6	639,633	461,276	0.14	72
Cream Cheese	742,087	552,838	0.16	74	4.5	4.7	442,271	0.16	116,759	26.4	710,131	528,021	0.16	74
Natural Cheese [5]	3,840,825	2,222,341	0.66	58	-4.0	-4.3	1,822,320	0.67	584,965	32.1	4,000,859	2,322,196	0.69	58
Processed Cheese [6]	2,541,926	2,390,510	0.71	94	-1.0	-3.1	1,912,408	0.70	548,861	28.7	2,567,602	2,466,986	0.73	96
Eggs	4,685,222	1,495,696	0.44	32	-4.6	-4.9	942,288	0.35	180,919	19.2	4,911,134	1,572,761	0.46	32
Milk & Milk Products	19,730,776	8,030,361	2.32	41	-2.0	-2.4	5,210,711	1.91	849,878	16.3	20,132,081	8,227,404	2.43	41
Butter	1,311,618	691,269	0.20	53	-3.9	-2.8	546,102	0.20	101,575	18.6	1,364,847	711,182	0.21	52
Fresh Cream	420,883	234,068	0.07	56	3.4	4.0	177,892	0.07	44,651	25.1	407,043	225,065	0.07	55
Fresh Milk	17,931,597	7,042,955	2.03	39	-1.9	-2.5	4,437,061	1.63	692,182	15.6	18,287,399	7,223,543	2.13	40
Home Consumption	11,692,103	7,042,955	2.03	60	-2.7	-2.5					12,016,550	7,223,543	2.13	60
Other Milk	6,239,495	-	NC	NC	-0.5	-0.4					6,270,849	-	NC	NC
Refrigerated Toppings	66,679	62,070	0.02	93	-8.4	-8.2	49,656	0.02	11,470	23.1	72,793	67,614	0.02	93
Yogurt	2,721,967	2,296,111	0.66	84	5.8	5.2	1,630,239	0.60	448,316	27.5	2,572,748	2,182,615	0.64	85
Margarine	2,107,787	1,802,479	0.52	86	-2.8	-2.3	1,315,810	0.48	293,426	22.3	2,168,505	1,844,912	0.54	85
Refrigerated Juices/Drinks	3,090,586	3,008,082	0.87	97	4.1	4.2	2,075,577	0.76	440,022	21.2	2,968,919	2,887,277	0.85	97
Apple Juice	70,392	67,480	0.02	96	1.5	0.9					69,352	66,878	0.02	96
Grapefruit Juice	164,130	154,728	0.04	94	1.8	2.2					161,228	151,397	0.04	94
Orange Flavored Drinks	166,452	156,006	0.05	94	4.3	4.0					159,589	150,006	0.04	94
Orange Juice	2,587,327	2,530,375	0.73	98	4.1	4.2					2,485,425	2,428,383	0.72	98
Other Fruit Juices & Drinks	102,285	99,492	0.03	97	9.6	9.8					93,325	90,612	0.03	97
Refrigerated Mexican Foods	196,386	177,399	0.05	90	8.8	9.0	141,919	0.05	33,777	23.8	180,501	162,751	0.05	90
Refrigerated Dough Products	879,964	849,582	0.25	97	3.0	3.2	662,674	0.24	192,838	29.1	854,334	823,238	0.24	96
Refrigerated Dips	105,468	93,872	0.03	89	6.9	6.8	75,098	0.03	17,573	23.4	98,661	87,895	0.03	89
Refrigerated Puddings	102,101	90,120	0.03	88	8.2	7.9	72,096	0.03	16,798	23.3	94,363	83,522	0.02	89
Refrigerated Fish Appetizers	32,081	29,456	0.01	92	-3.3	-3.7	23,565	0.01	7,588	32.2	33,176	30,588	0.01	92
Refrigerated Pasta	208,843	185,337	0.05	89	12.2	12.2	153,830	0.06	39,380	25.6	186,135	165,184	0.05	89
Refrigerated Pickles/Relishes	185,014	82,705	0.02	45	2.5	2.4	66,991	0.02	22,442	33.5	180,501	80,766	0.02	45
Refrigerated Salads	18,601	15,586	0.00	84	4.4	4.1	14,183	0.01	5,021	35.4	17,817	14,972	0.00	84
FROZEN FOODS	**22,563,198**	**16,521,804**	**4.77**	**73**	**1.0**	**0.1**	**12,878,651**	**4.73**	**3,516,773**	**27.3**	**22,339,088**	**16,499,222**	**4.87**	**74**
Frozen Baked Goods	1,506,101	1,390,011	0.40	92	2.5	2.9	1,206,844	0.44	431,150	35.7	1,469,644	1,350,369	0.40	92
Frozen Bagels	225,414	219,970	0.06	98	6.9	7.2	189,174	0.07	70,562	37.3	210,864	205,196	0.06	97
Frozen Breads & Rolls	439,358	398,889	0.12	91	3.4	4.0	339,055	0.12	126,129	37.2	424,911	383,547	0.11	90
Frozen Cakes & Pastries	414,538	387,685	0.11	94	1.2	1.5	341,163	0.13	117,701	34.5	409,623	381,956	0.11	93
Frozen Pies	426,791	383,467	0.11	90	0.6	1.0	337,451	0.12	116,758	34.6	424,245	379,670	0.11	89
Frozen Breakfast Entrees	857,313	825,523	0.24	96	8.8	9.1	775,992	0.29	222,710	28.7	788,254	756,606	0.22	96
French Toast/Pancakes	109,159	104,941	0.03	96	8.0	8.1					101,073	97,078	0.03	96
Waffles	478,193	456,546	0.13	95	9.9	10.3					435,117	413,913	0.12	95
Other Breakfast	269,961	264,035	0.08	98	7.1	7.5					252,064	245,614	0.07	97
Ice Cream & Yogurt	6,732,245	2,452,479	0.71	36	6.6	6.7	1,643,161	0.60	469,944	28.6	6,317,643	2,299,367	0.68	36
Bulk Ice Cream [7]	880,742		NC	NC	5.0	—					838,802		NC	NC
Packaged Ice Cream	3,234,861	2,150,220	0.62	66	5.8	5.5					3,057,524	2,038,123	0.60	67
Specialty Ice Cream	1,898,780	-	NC	NC	5.5	—					1,799,792		NC	NC
Frozen Yogurt [8]	717,861	302,260	0.09	42	15.5	15.7					621,525	261,244	0.08	42

---

1. All consumption—all retail sales, not including products sold through restaurants and institutions that have been altered by the seller. Excluding those portions of a commodity that are used commercially as an ingredient in another product.
2. Refers to grocery stores and includes supermarkets. Excluded from this column (but included in the first column) are sales by such specialty food stores as delicatessens, dairy stores, bakeries, meat markets, confectionaries, fruit and vegetable markets, egg dealers, drug stores, and mass merchandisers.
3. Decreases are shown by minus signs. Other figures represent increases. Comparisons to 1990 are based solely on the item categories that were reported in both the 1990 and 1991 studies.
4. Includes bagels, onion rolls, etc.
5. Includes cheddar, Colby, brick, foreign types.
6. Includes cheese food and cheese spreads.
7. Grocery store sales are mainly packaged ice cream and specialties, and a negligible amount of bulk ice cream.
8. Packaged products only, excludes soft-serve frozen yogurt.

NC Not Comparable.

Perishables

	1991 TOTAL SALES	GROCERY STORE PERFORMANCE					SUPERMARKET PERFORMANCE				1990 PERFORMANCE			
					% Change[3] from '90 to '91									
(add 000 to all dollar figures)	Value of Total Retail Sales (all outlets)[1]	Amount Spent in Grocery Stores[2]	% of Total Store	% Grocery to Total	Total	Grocery	Amount Spent in Supermarkets	% of Total Supermarket	Dollar Margin	% Margin	Value of Total Retail Sales (all outlets)[1]	Amount Spent in Grocery Stores[2]	% of Total Store	% Grocery to Total
Frozen Coffee Creamer	43,110	39,898	0.01	93	-6.7	-6.3	29,125	0.01	9,087	31.2	46,205	42,580	0.01	92
Frozen Toppings	202,217	190,529	0.05	94	3.2	3.4	163,855	0.06	45,224	27.6	195,946	184,264	0.05	94
Frozen Meat, Fish, Poultry	3,759,591	3,206,501	0.93	85	-1.2	-0.9	2,855,347	1.05	726,160	25.4	3,803,621	3,236,264	0.96	85
Fish & Other Seafood	848,719	640,742	0.18	75	-6.4	-5.8	563,536	0.21	168,054	29.8	906,387	680,315	0.20	75
Frozen Fish Sticks	110,248	88,805	0.03	81	-1.4	-1.0	79,925	0.03	24,057	30.1	111,813	89,702	0.03	80
Frozen Shrimp	280,038	209,324	0.06	75	-6.5	-5.8	182,112	0.07	54,451	29.9	299,506	222,212	0.07	74
Other Frozen Fish/Seafood	458,433	342,613	0.10	75	-7.4	-7.0	301,499	0.11	89,545	29.7	495,069	368,401	0.11	74
Frozen Meat	425,157	207,160	0.06	49	0.3	0.2	192,659	0.07	52,211	27.1	423,885	206,747	0.06	49
Frozen Poultry	2,485,715	2,358,599	0.68	95	0.5	0.4	2,099,153	0.77	505,896	24.1	2,473,348	2,349,202	0.69	95
Frozen Prepared Foods	4,675,795	4,530,399	1.31	97	-0.6	-0.9	4,028,332	1.48	1,081,817	26.9	4,705,997	4,572,776	1.35	97
Frozen Dinners/Entrees	1,981,747	1,960,206	0.57	99	-5.6	-6.0	1,724,982	0.63	451,945	26.2	2,099,309	2,085,326	0.62	99
Frozen Meat Pies	273,090	255,828	0.07	94	0.0	-0.3	240,478	0.09	62,765	26.1	273,090	256,597	0.08	94
Frozen Pizza	1,114,698	1,108,581	0.32	99	6.4	6.4	975,552	0.36	269,252	27.6	1,047,649	1,041,900	0.31	99
Frozen Poultry Pies	271,785	254,236	0.07	94	-0.8	-1.1	238,982	0.09	62,374	26.1	273,976	257,064	0.08	94
Frozen Oriental	154,815	152,289	0.04	98	3.2	3.1	135,537	0.05	34,969	25.8	150,015	147,710	0.04	98
Frozen Mexican	445,615	436,18[illegible]	0.13	98	-3.7	-3.8	396,925	0.15	114,711	28.9	462,737	453,411	0.13	98
Frozen Sandwiches	375,429	306,155	0.09	82	8.9	10.2	266,355	0.10	72,182	27.1	344,746	277,818	0.08	81
Other Frozen Prepared Foods	58,616	56,921	0.02	97	7.6	7.5	49,521	0.02	13,618	27.5	54,476	52,950	0.02	97
Frozen Fruits[9]	142,185	133,227	0.04	94	1.6	1.8	115,908	0.04	35,236	30.4	139,902	130,896	0.04	94
Blueberries	19,557	17,880	0.01	91	2.6	2.8					19,062	17,393	0.01	91
Raspberries	22,632	21,136	0.01	93	1.9	2.1					22,210	20,702	0.01	93
Strawberries	59,217	56,502	0.02	95	1.1	1.2					58,572	55,832	0.02	95
Other Frozen Fruits	40,778	37,709	0.01	92	1.8	2.0					40,057	36,969	0.01	92
Frozen Fruit Juice Concentrates	1,496,887	1,371,431	0.40	92	-2.0	-2.2	1,014,254	0.37	197,779	19.5	1,527,265	1,402,670	0.41	92
Apple Juice	127,931	117,960	0.03	92	-4.1	-4.2					133,401	123,132	0.04	92
Grape Juice	119,947	109,799	0.03	92	2.5	2.6					117,021	107,017	0.03	91
Grapefruit Juice	19,261	16,724	0.00	87	-1.4	-1.5					19,535	16,978	0.01	87
Orange Juice	1,180,420	1,078,993	0.31	91	-2.2	-2.5					1,206,973	1,106,660	0.33	92
Other Fruit Concentrates	49,328	47,955	0.01	97	-2.0	-1.9					50,335	48,884	0.01	97
Frozen Fruit Drinks	145,198	134,218	0.04	92	-2.2	-2.2	116,770	0.04	29,543	25.3	148,464	137,223	0.04	92
Lemonade Bases	55,051	51,100	0.01	93	-1.9	-2.0					56,117	52,143	0.02	93
Regular Orange	14,336	12,973	0.00	90	2.5	2.8					13,986	12,620	0.00	90
Synthetic Orange	25,897	23,376	0.01	90	-5.4	-5.5					27,375	24,737	0.01	90
Other Fruit Drinks	49,914	46,769	0.01	94	-2.1	-2.0					50,985	47,723	0.01	94
Frozen Vegetables	3,002,557	2,247,588	0.65	75	-6.1	-5.8	929,063	0.34	268,123	28.9	3,196,147	2,386,208	0.70	75
Asparagus	66,072	46,276	0.01	70	-1.9	-1.8					67,351	47,124	0.01	70
Broccoli	147,710	104,820	0.03	71	-2.5	-2.3					151,498	107,288	0.03	71
Cauliflower	29,203	20,831	0.01	71	-3.3	-3.0					30,200	21,475	0.01	71
Corn	205,580	143,648	0.04	70	1.5	1.8					202,542	141,108	0.04	70
French Fried Potatoes	966,907	787,734	0.23	81	-3.0	-2.9	661,696	0.24	190,569	28.8	996,812	811,260	0.24	81
Green Beans	110,975	82,579	0.02	74	-2.1	-1.8					113,356	84,093	0.02	74
Green Peas	194,091	138,231	0.04	71	1.2	1.5					191,790	136,188	0.04	71
Lima Beans	52,044	34,371	0.01	66	-3.3	-3.0					53,820	35,434	0.01	66
Onion Products	57,083	40,771	0.01	71	-2.9	-2.6					58,788	41,859	0.01	71
Other Potato Products	110,786	81,002	0.02	73	-3.8	-3.7	71,282	0.03	20,102	28.2	115,162	84,115	0.02	73
Spinach	85,069	60,559	0.02	71	1.9	1.9					83,483	59,430	0.02	71
Vegetable Combinations & Sauce	678,348	493,631	0.14	73	-16.2	-16.0					809,484	587,656	0.17	73
Other Frozen Vegetables	298,688	213,135	0.06	71	-7.2	-7.0	196,085	0.07	57,453	29.3	321,862	229,178	0.07	71
FRESH & CURED MEAT, FISH & POULTRY	**82,062,687**	**55,774,511**	**16.10**	**68**	**1.9**	**2.2**	**44,619,609**	**16.39**	**10,217,890**	**22.9**	**80,494,734**	**54,555,854**	**16.10**	**68**
Fresh Fish & Other Seafood	4,571,169	4,003,270	1.16	88	7.3	7.5	3,202,616	1.18	733,399	22.9	4,260,176	3,723,972	1.10	87
Fresh Meat	43,971,411	27,440,713	7.92	62	1.8	2.2	41,416,993	15.22	9,484,491	22.9	43,195,372	26,836,898	7.92	62
Beef	36,133,815	22,037,623	6.36	61	1.5	2.1	17,630,098	6.48			35,599,818	21,584,351	6.37	61
Lamb	1,346,243	1,198,616	0.35	89	2.0	2.0	958,893	0.35			1,319,846	1,175,114	0.35	89
Pork	5,737,901	3,729,539	1.08	65	4.9	4.5	2,983,632	1.10			5,469,877	3,568,937	1.05	65
Veal	753,452	474,935	0.14	63	-6.5	-6.6	379,948	0.14			805,832	508,495	0.15	63
Fresh Poultry	15,149,460	9,695,006	2.80	64	2.0	1.9	7,756,005	2.85	1,915,733	24.7	14,852,411	9,514,236	2.81	64
Packaged Meats	18,370,648	14,635,522	4.22	80	1.0	1.1	11,708,418	4.30	2,365,100	20.2	18,186,774	14,480,749	4.27	80
Cured Ham & Picnics	2,573,054	2,059,744	0.59	80	-5.8	-5.8					2,731,480	2,186,564	0.65	80
Frankfurters	2,527,832	1,971,539	0.57	78	11.4	11.5					2,269,149	1,768,196	0.52	78
Packaged Bacon	2,529,228	2,073,564	0.60	82	-7.2	-7.2					2,725,462	2,234,444	0.66	82
Packaged Cold Cuts	5,884,563	4,706,782	1.36	80	21.9	22.2					4,827,369	3,851,704	1.14	80
Sausages (uncooked)	1,508,452	1,176,932	0.34	78	-9.0	-9.2					1,657,640	1,296,181	0.38	78
Other Sausage Products	3,347,518	2,646,962	0.76	79	-15.8	-15.8					3,975,675	3,143,660	0.93	79
SERVICE DELI	**14,661,240**	**14,661,240**	**4.23**	**100**	**14.9**	**14.9**	**14,661,240**	**5.39**	**6,304,333**	**43.0**	****12,760,000**	****12,760,000**	**3.63**	**100**

9. Consumer size packages for home use.

** Represents a revision of the 1990 figure previously published.

Perishables

1991 TOTAL SALES		GROCERY STORE PERFORMANCE					SUPERMARKET PERFORMANCE				1990 PERFORMANCE			
(add 000 to all dollar figures)	Value of Total Retail Sales (all outlets)[1]	Amount Spent in Grocery Stores[2]	% of Total Store	% Grocery to Total	% Change[3] from '90 to '91 Total	% Change[3] from '90 to '91 Grocery	Amount Spent in Supermarkets	% of Total Supermarket	Dollar Margin	% Margin	Value of Total Retail Sales (all outlets)[1]	Amount Spent in Grocery Stores[2]	% of Total Store	% Grocery to Total
PRODUCE	**52,678,057**	**34,987,564**	**10.10**	**66**	**8.0**	**7.8**	27,990,052	10.28	10,692,200	38.2	**48,779,227**	**32,469,579**	**9.58**	**67**
Fresh Vegetables	34,949,988	20,986,682	6.06	60	9.8	9.9					31,826,608	19,095,628	5.64	60
Carrots	722,889	523,081	0.15	72	12.2	12.9					644,286	463,314	0.14	72
Celery	796,425	568,064	0.16	71	-4.2	4.1					831,342	545,691	0.16	66
Corn	665,768	374,481	0.11	56	0.0	0.2					665,768	373,734	0.11	56
Lettuce	2,742,692	1,799,333	0.52	66	-4.1	-3.9					2,859,949	1,872,355	0.55	65
Mushrooms	723,029	505,622	0.15	70	2.9	3.2					702,652	489,944	0.14	70
Onions	1,681,091	977,452	0.28	58	18.6	18.8					1,417,446	822,771	0.24	58
Potatoes	3,706,835	2,266,750	0.65	61	5.4	5.8					3,516,921	2,142,486	0.63	61
Tomatoes	4,310,559	2,543,001	0.73	59	16.4	16.6					3,703,229	2,180,962	0.64	59
Other Fresh Vegetables	19,600,701	11,428,898	3.30	58	12.1	12.0					17,485,014	10,204,373	3.01	58
Fresh Fruits	16,439,769	13,631,463	3.93	83	4.6	4.7					15,724,024	13,015,160	3.84	83
Apples	4,136,439	3,753,589	1.08	91	4.6	4.9					3,954,530	3,578,255	1.06	90
Bananas	2,806,919	2,286,474	0.66	81	12.7	13.0					2,490,611	2,023,429	0.60	81
Citrus Fruits	2,946,288	2,483,971	0.72	84	2.0	2.4					2,888,517	2,425,753	0.72	84
Other Fresh Fruits	6,550,124	5,107,429	1.47	78	2.5	-2.4					6,390,365	4,987,723	1.47	78
Floral	904,577	145,150	0.04	16	4.8	7.9					863,146	134,523	0.04	16
Wild Bird Seed[10]	383,722	224,269	0.06	58	5.0	0.0					365,449	224,269	0.07	61
TOTAL PERISHABLES	241,959,363	166,552,884	48.06	69	3.7	4.4	134,448,718	49.39	41,946,358	31.2	233,298,714	159,598,451	47.10	68

Dry Grocery – Foods

1991 TOTAL SALES		GROCERY STORE PERFORMANCE					SUPERMARKET PERFORMANCE				1990 PERFORMANCE			
(add 000 to all dollar figures)	Value of Total Retail Sales (all outlets)[1]	Amount Spent in Grocery Stores[2]	% of Total Store	% Grocery to Total	% Change from '90 to '91 Total	% Change from '90 to '91 Grocery	Amount Spent in Supermarkets	% of Total Supermarket	Dollar Margin	% Margin	Value of Total Retail Sales (all outlets)[1]	Amount Spent in Grocery Stores[2]	% of Total Store	% Grocery to Total
BABY FOODS	**3,390,386**	**2,985,502**	**0.86**	**88**	**11.2**	**11.7**	**2,138,928**	**0.79**	**111,312**	**5.2**	**3,049,818**	**2,671,681**	**0.79**	**88**
Desserts	96,357	79,712	0.02	83	4.0	3.8	56,596	0.02	3,396	6.0	92,651	76,794	0.02	83
Fruits & Juices	508,689	464,244	0.13	91	5.1	5.2	329,613	0.12	23,403	7.1	484,005	441,297	0.13	91
Meat & Combinations	340,438	296,573	0.09	87	2.5	2.7	210,567	0.08	15,371	7.3	332,135	288,776	0.09	87
Vegetables	162,401	139,220	0.04	86	6.8	7.0	98,847	0.04	8,204	8.3	152,061	130,113	0.04	86
Infant Cereals	97,689	83,613	0.02	86	0.5	0.6	59,365	0.02	5,580	9.4	97,203	83,114	0.02	86
Infant Formulas	2,184,812	1,922,138	0.55	88	15.5	16.4	1,383,940	0.51	55,358	4.0	1,891,763	1,651,586	0.49	87
Hypoallergenic Formulas	480,492	420,391	0.12	87	9.5	9.7					438,806	383,219	0.11	87
Routine Formulas	1,704,319	1,501,747	0.43	88	17.3	18.4					1,452,958	1,268,367	0.37	87
BAKING NEEDS	**3,146,658**	**2,846,516**	**0.82**	**90**	**1.6**	**1.9**	**2,076,635**	**0.76**	**442,821**	**21.3**	**3,096,215**	**2,794,535**	**0.82**	**90**
Baking Chocolate & Bits	423,259	403,660	0.12	95	6.2	6.2	294,671	0.11	64,828	22.0	398,549	380,094	0.11	95
Baking Powder	25,202	22,622	0.01	90	6.4	6.3	16,514	0.01	3,369	20.4	23,686	21,281	0.01	90
Baking Soda	17,956	14,946	0.00	83	8.3	8.4	10,910	0.00	2,575	23.6	16,580	13,788	0.00	83
Yeast	57,167	54,467	0.02	95	9.0	9.1	39,761	0.01	7,952	20.0	52,447	49,924	0.01	95
Baking Nuts	367,687	292,561	0.08	80	2.1	2.1	213,570	0.08	64,498	30.2	360,139	286,456	0.08	80
Shelled Walnuts	247,190	196,149	0.06	79	1.9	2.0					242,580	192,303	0.06	79
Other Baking Nuts	120,498	96,413	0.03	80	2.5	2.4					117,559	94,153	0.03	80
Flour	2,255,386	2,058,260	0.59	91	0.5	0.7	1,501,209	0.55	299,600	15.1	2,244,814	2,042,993	0.60	91
Cake Flour	15,069	13,701	0.00	91	10.3	10.3	10,276	0.00	1,654	16.1	13,662	12,421	0.00	91
Corn Meal	170,466	143,619	0.04	84	1.7	2.0	104,842	0.04	23,904	22.8	167,617	140,803	0.04	84
Family Flour	645,837	539,685	0.16	84	-3.6	-3.5	393,970	0.14	59,096	15.0	669,956	559,260	0.17	83
Pancake/Waffle Mix	170,886	159,512	0.05	93	-6.2	-6.1	114,849	0.04	24,578	21.4	182,182	169,874	0.05	93
Prepared Mixes	1,253,128	1,201,743	0.35	96	3.4	3.5	877,272	0.32	190,368	21.7	1,211,398	1,160,635	0.34	96
Cake Mixes	609,681	588,658	0.17	97	6.7	6.8					571,398	551,178	0.16	96
Frostings, Icings, Fudge	223,175	212,763	0.06	95	1.9	2.0					219,014	208,591	0.06	95
Pie Crust	63,473	61,163	0.02	96	-2.2	-2.2					64,901	62,539	0.02	96
Pizza Pie Mixes	94,975	91,604	0.03	96	0.2	0.1					94,785	91,512	0.03	97
Other Prepared Mixes	261,824	247,554	0.07	95	0.2	0.3					261,301	246,814	0.07	94
BEER, WINE & LIQUOR	**39,168,009**	**19,448,501**	**5.61**	**50**	**-2.4**	**0.4**	**13,325,687**	**4.90**	**2,472,683**	**18.6**	**40,119,080**	**19,365,143**	**5.71**	**48**
Beer For Home Consumption	22,946,615	16,710,349	4.82	73	1.3	1.2	11,363,037	4.17	1,783,997	15.7	22,654,499	16,515,924	4.87	73
Imported Beer	1,105,075	769,932	0.22	70	-2.7	-1.3					1,135,740	780,073	0.23	69
Domestic Beer	21,841,540	15,940,417	4.60	73	1.5	1.3					21,518,759	15,735,851	4.64	73
Liquor	9,490,049	256,531	0.07	3	-8.5	-7.5	236,009	0.09	98,652	41.8	10,371,639	277,331	0.08	3
Wine	6,031,062	1,935,019	0.56	32	-3.0	-2.0	1,393,214	0.51	504,343	36.2	6,217,590	1,974,509	0.58	32
Alcohol Coolers	700,282	546,602	0.16	78	-20.0	-8.5	333,427	0.12	85,691	25.7	875,352	597,380	0.18	68

[10] Includes packages, bulk, and bells.

Dry Grocery – Foods

1991 TOTAL SALES		GROCERY STORE PERFORMANCE					SUPERMARKET PERFORMANCE				1990 PERFORMANCE			
(add 000 to all dollar figures)	Value of Total Retail Sales (all outlets)[1]	Amount Spent in Grocery Stores[2]	% of Total Store	% Grocery to Total	% Change from '90 to '91 Total	% Change from '90 to '91 Grocery	Amount Spent in Supermarkets	% of Total Supermarket	Dollar Margin	% Margin	Value of Total Retail Sales (all outlets)[1]	Amount Spent in Grocery Stores[2]	% of Total Store	% Grocery to Total
BREAKFAST FOODS	**8,864,615**	**8,717,106**	**2.52**	**98**	**7.2**	**7.3**	**6,592,746**	**2.42**	**1,498,219**	**22.7**	**8,271,329**	**8,123,938**	**2.40**	**98**
Ready-to-Eat Cereals	7,443,936	7,378,914	2.13	99	7.0	7.1	5,534,186	2.03	1,234,123	22.3	6,956,950	6,889,743	2.03	99
Hominy Grits	104,670	93,695	0.03	90	7.7	7.8	73,082	0.03	17,686	24.2	97,187	86,915	0.03	89
Hot Cereals	653,043	604,961	0.17	93	-2.2	-2.0	465,820	0.17	118,318	25.4	667,734	617,307	0.18	92
Cereal Bars	418,184	406,128	0.12	97	19.0	19.0	349,270	0.13	82,428	23.6	351,415	341,284	0.10	97
Toaster Pastries	244,781	233,409	0.07	95	23.6	23.7	170,388	0.06	45,664	26.8	198,043	188,689	0.06	95
CANDY & CHEWING GUM	**11,344,110**	**3,883,510**	**1.12**	**34**	**3.4**	**2.9**	**3,010,275**	**1.11**	**970,671**	**32.2**	**10,966,798**	**3,774,980**	**1.11**	**34**
Bar Candy	3,881,937	1,218,633	0.35	31	2.7	2.4					3,778,367	1,190,093	0.35	31
Chocolate	3,115,825	974,619	0.28	31	2.9	2.6					3,028,013	949,921	0.28	31
Non-Chocolate	766,112	244,014	0.07	32	2.1	1.6					750,354	240,172	0.07	32
Packaged Chocolate	320,851	142,580	0.04	44	5.2	5.2	1,948,257		652,666	33.5	305,095	135,562	0.04	44
Chocolate Covered Creams	157,415	71,736	0.02	46	5.2	5.3					149,634	68,125	0.02	46
Chocolate Covered Fruits	90,085	37,555	0.01	42	5.4	5.1					85,470	35,733	0.01	42
Chocolate Covered Nuts	73,350	33,289	0.01	45	4.8	5.0					69,991	31,704	0.01	45
Packaged Candy Covered Chocolcte	433,101	228,250	0.07	53	6.5	6.7					406,668	213,918	0.06	53
Bulk Candy	787,656	505,574	0.15	64	0.4	0.6					784,518	502,558	0.15	64
Packaged Soft Candy	138,246	70,681	0.02	51	5.9	5.2					130,544	67,187	0.02	51
Packaged Hard Candy	376,762	203,861	0.06	54	6.3	5.9					354,433	192,503	0.06	54
Hard Roll Candy	160,611	74,491	0.02	46	2.7	2.3					156,388	72,817	0.02	47
Diet Candy, Gum, Mints	30,056	22,078	0.01	73	3.8	3.0					28,956	21,435	0.01	74
Breath Fresheners	274,405	126,518	0.04	46	2.8	2.0	83,502	0.03	31,814	38.1	266,931	124,037	0.04	46
Marshmallows	105,409	93,406	0.03	89	3.9	4.1	63,516	0.02	19,182	30.2	101,452	89,727	0.03	88
Chewing Gum	2,126,004	963,238	0.28	45	1.9	0.0	741,693	0.27	267,009	36.0	2,085,606	942,731	0.28	45
Sugared	1,321,046	597,912	0.17	45	1.3	1.5					1,304,093	589,076	0.17	45
Sugarless	804,958	365,326	0.11	45	3.0	3.3					781,513	353,656	0.10	45
Other Candy	2,709,073	234,199	0.07	9	5.5	5.3	173,307	0.06	59,964	34.6	2,567,842	222,411	0.07	9
CANNED FISH & CANNED SEAFOOD	**2,028,881**	**1,807,553**	**0.52**	**89**	**-5.5**	**-5.6**	**1,384,777**	**0.51**	**262,805**	**19.0**	**2,147,949**	**1,915,006**	**0.57**	**89**
Canned Salmon	326,714	242,525	0.07	74	-1.7	-1.6	186,744	0.07	38,843	20.8	332,364	246,468	0.07	74
Canned Sardines	88,188	84,072	0.02	95	-10.2	-10.1	65,576	0.02	14,558	22.2	98,205	93,517	0.03	95
Canned Tuna	1,535,542	1,420,341	0.41	92	-6.3	-6.2	1,093,662	0.40	199,047	18.2	1,638,786	1,514,223	0.45	92
Other Canned Fish & Seafood	78,437	60,616	0.02	77	-0.2	-0.3	38,794	0.01	10,358	26.7	78,594	60,798	0.02	77
CANNED FRUITS	**2,049,740**	**1,780,063**	**0.51**	**87**	**0.1**	**0.2**	**1,290,279**	**0.47**	**284,154**	**22.0**	**2,047,984**	**1,776,606**	**0.52**	**87**
Applesauce	338,943	301,029	0.09	89	1.8	1.9	222,762	0.08	54,131	24.3	332,950	295,416	0.09	89
Apricots	35,979	32,331	0.01	90	2.1	2.1	23,601	0.01	5,098	21.6	35,239	31,666	0.01	90
Citrus	58,596	52,027	0.02	89	-4.2	-4.1	39,541	0.01	10,992	27.8	61,165	54,252	0.02	89
Cranberries	119,435	107,438	0.03	90	0.5	0.6	91,322	0.03	17,534	19.2	118,841	106,797	0.03	90
Fruit Cocktail	323,036	278,270	0.08	86	-2.8	-2.7	194,789	0.07	39,542	20.3	332,342	285,991	0.08	86
Peaches	398,355	345,565	0.10	87	-1.5	-1.4	228,073	0.08	48,123	21.1	404,421	350,471	0.10	87
Pears	187,788	159,958	0.05	85	1.3	1.3	126,366	0.05	25,526	20.2	185,378	157,905	0.05	85
Pineapple	242,121	205,587	0.06	85	0.5	0.6	158,302	0.06	37,992	24.0	240,916	204,361	0.06	85
Other Canned Fruits	345,488	297,860	0.09	86	2.6	2.8	205,523	0.08	45,215	22.0	336,733	289,747	0.09	86
CANNED & BOTTLED JUICES & DRINKS[11]	**5,591,349**	**4,780,664**	**1.38**	**86**	**8.0**	**7.9**	**3,282,593**	**1.21**	**783,030**	**23.9**	**5,179,201**	**4,432,148**	**1.31**	**86**
Apple Cider & Juice	1,005,811	936,342	0.27	93	3.8	4.0	674,167	0.25	166,519	24.7	968,989	900,329	0.27	93
Cranberry Juice	369,197	355,267	0.10	96	2.6	2.7	333,951	0.12	75,473	22.6	359,841	345,927	0.10	96
Grape Juice	193,396	179,339	0.05	93	9.2	9.2	141,678	0.05	34,711	24.5	177,103	164,230	0.05	93
Grapefruit Juice	150,081	126,399	0.04	84	4.1	4.2	99,855	0.04	21,669	21.7	144,170	121,304	0.04	84
Nectars	64,514	61,037	0.02	95	6.4	6.4	46,388	0.02	11,458	24.7	60,633	57,365	0.02	95
Orange Juice	102,016	80,958	0.02	79	-4.1	-4.2	61,528	0.02	16,243	26.4	106,378	84,507	0.02	79
Pineapple Juice	94,734	89,159	0.03	94	-1.3	-1.2	66,869	0.02	16,918	25.3	95,982	90,242	0.03	94
Prune Juice	134,554	116,224	0.03	86	-1.0	-1.0	86,006	0.03	19,781	23.0	135,913	117,398	0.03	86
Other Fruit Juices	44,519	34,369	0.01	77	4.2	4.1	26,808	0.01	8,471	31.6	42,724	33,016	0.01	77
Vegetable Juice[12]	362,068	321,389	0.09	89	-2.2	-2.1	260,325	0.10	54,408	20.9	370,213	328,283	0.10	89
Fruit Drinks	2,014,351	1,729,788	0.50	86	14.9	15.1	1,037,873	0.38	236,635	22.8	1,753,134	1,502,856	0.44	86
Aseptic Juices & Drinks	954,242	666,249	0.19	70	10.4	10.3	373,100	0.14	102,602	27.5	864,350	604,034	0.18	70
Aseptic Juices & Drink Concent.	101,866	84,144	0.02	83	2.1	1.8	74,047	0.03	18,141	24.5	99,770	82,656	0.02	83
CANNED MEATS & SPECIALTY FOODS	**1,685,358**	**1,293,934**	**0.37**	**77**	**-2.9**	**-3.7**	**930,543**	**0.34**	**208,800**	**22.4**	**1,735,631**	**1,343,518**	**0.40**	**77**
Beef Hash	102,531	80,987	0.02	79	-7.2	-7.1	59,120	0.02	12,120	20.5	110,485	87,176	0.03	79
Corned Beef	60,173	55,496	0.02	92	-10.1	-10.0	40,512	0.01	9,520	23.5	66,933	61,662	0.02	92
Ham	206,007	179,803	0.05	87	-17.3	-17.1	122,266	0.04	34,357	28.1	249,102	216,892	0.06	87
Lunch Meats	175,155	151,970	0.04	87	-2.9	-2.8	112,458	0.04	16,081	14.3	180,386	156,348	0.05	87
Meat Spreads	84,652	74,448	0.02	88	-4.2	-4.4	55,092	0.02	10,192	18.5	88,363	77,875	0.02	88
Poultry	155,214	144,190	0.04	93	-4.1	-4.0	96,607	0.04	15,844	16.4	161,850	150,198	0.04	93
Sausages & Frankfurters	151,556	134,799	0.04	89	-4.9	-5.0	99,751	0.04	25,536	25.6	159,365	141,893	0.04	89
Other Canned Meats	750,071	472,243	0.14	63	4.3	4.6	344,737	0.13	85,150	24.7	719,148	451,475	0.13	63

---

11. Full strength and concentrated juices, non-carbonated.

12. Chiefly tomato juice and blends.

Dry Grocery – Foods

	1991 TOTAL SALES	GROCERY STORE PERFORMANCE					SUPERMARKET PERFORMANCE				1990 PERFORMANCE			
(add 000 to all dollar figures)	Value of Total Retail Sales (all outlets)[1]	Amount Spent in Grocery Stores[2]	% of Total Store	% Grocery to Total	% Change from '90 to '91		Amount Spent in Supermarkets	% of Total Supermarket	Dollar Margin	% Margin	Value of Total Retail Sales (all outlets)[1]	Amount Spent in Grocery Stores[2]	% of Total Store	% Grocery to Total
					Total	Grocery								
CANNED MILK	**436,682**	**392,864**	**0.11**	**90**	**-1.3**	**-1.5**	**298,576**	**0.11**	**51,355**	**17.2**	**442,502**	**398,872**	**0.12**	**90**
Condensed Milk	33,289	20,005	0.01	60	9.3	8.7					30,456	18,404	0.01	60
Evaporated Milk	403,393	372,859	0.11	92	-2.1	-2.0					412,046	380,468	0.11	92
CANNED PREPARED FOODS	**2,176,788**	**2,033,787**	**0.59**	**93**	**-1.5**	**-1.4**	**1,606,692**	**0.59**	**408,591**	**25.4**	**2,210,704**	**2,062,859**	**0.61**	**93**
Chili	343,866	302,570	0.09	88	-2.8	-2.7	239,030	0.09	44,460	18.6	353,772	310,966	0.09	88
Meat Stew	168,461	151,272	0.04	90	-7.7	-7.5	119,505	0.04	24,977	20.9	182,514	163,538	0.05	90
Mexican Food	804,840	757,112	0.22	94	3.5	3.6	598,118	0.22	176,445	29.5	777,623	730,803	0.22	94
Oriental Food	278,206	267,496	0.08	96	7.3	7.3	211,322	0.08	64,876	30.7	259,278	249,297	0.07	96
Pasta	581,415	555,337	0.16	96	-8.8	-8.7	438,717	0.16	97,834	22.3	637,517	608,256	0.18	95
CANNED & DRY SOUP	**3,101,042**	**2,954,502**	**0.85**	**95**	**4.8**	**4.8**	**2,266,331**	**0.83**	**566,138**	**25.0**	**2,958,017**	**2,818,834**	**0.83**	**95**
Canned Soup	2,227,340	2,127,949	0.61	96	3.9	4.0	1,595,961	0.59	400,586	25.1	2,143,208	2,046,216	0.60	95
Condensed Soup	1,526,619	1,457,383	0.42	95	3.8	3.9					1,470,731	1,402,678	0.41	95
Single Strength	700,721	670,566	0.19	96	4.2	4.2					672,477	643,537	0.19	96
Dry Soup Mixes[13]	774,726	733,992	0.21	95	6.8	6.6	601,874	0.22	149,867	24.9	725,398	688,548	0.20	95
Instant Bouillon & Cubes	98,977	92,561	0.03	94	10.7	10.1	68,495	0.03	15,685	22.9	89,410	84,070	0.02	94
CANNED VEGETABLES	**3,672,175**	**3,258,177**	**0.94**	**89**	**-0.9**	**-0.8**	**2,528,178**	**0.93**	**562,980**	**22.3**	**3,704,672**	**3,284,185**	**0.97**	**89**
Asparagus	88,322	78,967	0.02	89	-7.7	-7.8	62,384	0.02	15,471	24.8	95,690	85,647	0.03	90
Beans (Waxed & Green)	439,747	396,884	0.11	90	-3.2	-3.0	289,725	0.11	64,609	22.3	454,284	409,159	0.12	90
Beans with Pork or Sauce[14]	478,129	439,625	0.13	92	1.1	1.3	329,719	0.12	62,976	19.1	472,927	433,984	0.13	92
Beets	80,210	72,004	0.02	90	-2.3	-2.3	57,603	0.02	13,306	23.1	82,098	73,699	0.02	90
Corn	642,877	578,638	0.17	90	-1.2	-1.1	468,696	0.17	113,893	24.3	650,685	585,073	0.17	90
Mushrooms	258,649	231,596	0.07	90	3.8	3.7	182,961	0.07	47,204	25.8	249,180	223,333	0.07	90
Peas	340,352	303,176	0.09	89	-4.1	-4.1	221,318	0.08	53,116	24.0	354,903	316,137	0.09	89
Potatoes	135,128	116,425	0.03	86	7.9	8.0	69,855	0.03	16,276	23.3	125,234	107,801	0.03	86
Sauerkraut	71,174	64,486	0.02	91	-3.9	-4.0	50,299	0.02	11,418	22.7	74,063	67,173	0.02	91
Tomatoes	443,801	385,170	0.11	87	-0.1	0.0	319,691	0.12	74,808	23.4	444,245	385,170	0.11	87
Tomato Sauce	401,912	343,067	0.10	85	0.0	0.1	274,453	0.10	51,597	18.8	401,912	342,724	0.10	85
Tomato Paste	181,873	155,532	0.04	86	-2.2	-2.0	129,091	0.05	22,204	17.2	185,965	158,706	0.05	85
Tomato Puree	59,368	50,370	0.01	85	-3.3	-3.2	42,814	0.02	9,419	22.0	61,394	52,035	0.02	85
Other Canned Vegetables	50,632	42,240	0.01	83	-2.8	-3.0	29,568	0.01	6,682	22.6	52,091	43,546	0.01	84
CONDIMENTS, DRESSINGS, SPREADS RELISHES & SAUCES	**8,469,900**	**6,831,083**	**1.97**	**81**	**3.5**	**3.7**	**5,311,178**	**1.95**	**1,408,223**	**26.5**	**8,182,274**	**6,585,710**	**1.94**	**80**
CONDIMENTS	2,626,210	2,091,012	0.60	80	3.5	3.5	1,603,028	0.59	436,259	27.2	2,538,573	2,019,443	0.60	80
Barbecue Sauce	495,683	430,049	0.12	87	12.0	11.6	339,739	0.12	77,121	22.7	442,574	385,349	0.11	87
Condiment Sauces	168,706	132,802	0.04	79	6.5	6.3	96,945	0.04	25,884	26.7	158,410	124,931	0.04	79
Flavor Enhancers/Meat Tenderizers	53,617	45,781	0.01	85	-0.1	-0.1	33,878	0.01	7,013	20.7	NC	NC		
Ketchup	625,297	494,398	0.14	79	0.0	0.0	360,910	0.13	105,747	29.3	625,297	494,398	0.15	79
Onion Flakes	50,208	43,749	0.01	87	10.0	10.1	33,249	0.01	8,479	25.5	45,644	39,736	0.01	87
Pepper	259,778	187,483	0.05	72	1.6	1.8	140,613	0.05	34,731	24.7	255,687	184,168	0.05	72
Prepared Mustard	198,561	155,896	0.04	79	2.2	2.3	123,158	0.05	29,435	23.9	194,286	152,391	0.04	78
Salt	148,732	122,949	0.04	83	-1.4	-1.3	92,211	0.03	21,301	23.1	150,844	124,568	0.04	83
Spices	625,627	477,905	0.14	76	2.2	2.1	382,324	0.14	126,549	33.1	612,159	468,075	0.14	76
DRESSINGS, SPREADS	2,620,903	2,209,483	0.64	84	4.2	4.3	1,761,381	0.65	432,779	24.6	2,516,148	2,118,202	0.63	84
Pourable Salad Dressings	1,039,537	914,617	0.26	88	5.7	5.9	740,840	0.27	202,249	27.3	983,479	863,661	0.25	88
Spoonable Salad Dressings	552,584	484,259	0.14	88	6.4	6.3	401,935	0.15	100,484	25.0	519,346	455,559	0.13	88
Mayonnaise	843,529	676,318	0.20	80	1.5	1.4	507,238	0.19	98,911	19.5	631,063	666,980	0.20	80
Sandwich Spreads	42,292	37,457	0.01	89	-0.2	-0.2	28,092	0.01	6,068	21.6	42,376	37,532	0.01	89
Vinegar	142,962	96,833	0.03	68	2.2	2.5	83,276	0.03	25,066	30.1	139,884	94,471	0.03	68
RELISHES & APPETIZERS	1,450,494	992,905	0.29	68	1.1	1.4	793,507	0.29	225,498	28.4	1,434,664	979,129	0.29	68
Bottled Green Olives	191,785	163,388	0.05	85	0.0	0.0	135,612	0.05	42,718	31.5	191,785	163,388	0.05	85
Canned Ripe Olives	226,238	195,896	0.06	87	2.6	3.7	158,675	0.06	42,684	26.9	220,505	188,906	0.06	86
Pickled Cucumbers,	904,122	523,936	0.15	58	1.0	1.1	419,148	0.15	119,038	28.4	895,170	518,235	0.15	58
Tomatoes, Peppers, Relishes & Mixed Pickles	128,349	109,686	0.03	85	0.9	1.0	80,071	0.03	21,059	26.3	127,204	108,600	0.03	85
SPAGHETTI SAUCES	1,772,293	1,537,683	0.44	87	4.7	4.7	1,153,263	0.42	313,687	27.2	1,692,889	1,468,936	0.43	87
Meatless	1,548,101	1,360,221	0.39	88	4.7	4.7					1,478,607	1,299,161	0.38	88
With Meat	196,408	152,882	0.04	78	4.6	4.5					187,771	146,299	0.04	78
With Clams	27,784	24,580	0.01	88	4.8	4.7					26,511	23,476	0.01	89
DESSERTS	**696,547**	**611,394**	**0.18**	**88**	**2.0**	**2.0**	**469,690**	**0.17**	**103,032**	**21.9**	**683,192**	**599,492**	**0.18**	**88**
Packaged Gelatin[15]	252,087	230,621	0.07	91	1.5	1.3	179,884	0.07	34,358	19.1	248,361	227,661	0.07	92
Prepared Puddings[16]	324,997	277,335	0.08	85	2.3	2.6	210,775	0.08	50,375	23.9	317,690	270,307	0.08	85
Dried Toppings	14,762	13,925	0.00	94	3.3	3.1	11,001	0.00	2,992	27.2	14,290	13,506	0.00	95
Ice Cream & Dessert Toppings	104,702	89,513	0.03	85	1.8	1.7	68,030	0.02	15,307	22.5	102,850	88,017	0.03	86

13. Includes instant and mixes.

14. Includes baked beans.

15. Both flavored and unflavored.

16. Both instant and other prepared puddings. Includes corn starch, puddings, tapioca and rennet. Includes shelf-stable products.

NC – Not Comparable

Dry Grocery – Foods

1991 TOTAL SALES		GROCERY STORE PERFORMANCE					SUPERMARKET PERFORMANCE				1990 PERFORMANCE			
(add 000 to all dollar figures)	Value of Total Retail Sales (all outlets)[1]	Amount Spent in Grocery Stores[2]	% of Total Store	% Grocery to Total	% Change from '90 to '91 Total	% Change from '90 to '91 Grocery	Amount Spent in Supermarkets	% of Total Supermarket	Dollar Margin	% Margin	Value of Total Retail Sales (all outlets)[1]	Amount Spent in Grocery Stores[2]	% of Total Store	% Grocery to Total
DRIED FOODS	4,209,857	3,431,932	0.99	82	1.3	1.6	2,562,814	0.94	724,786	28.3	4,157,049	3,377,332	1.00	81
DRIED VEGETABLES & FRUITS	2,494,433	1,855,897	0.54	74	-0.5	-0.4	1,370,545	0.50	389,616	28.4	2,507,039	1,862,719	0.55	74
Dried Beans & Peas	449,192	231,203	0.07	51	-9.5	-9.3	138,722	0.05	34,264	24.7	496,345	254,910	0.08	51
Fruits	690,520	531,539	0.15	77	-1.5	-1.9	414,600	0.15	127,282	30.7	701,282	541,785	0.16	77
Apricots	35,074	24,711	0.01	70	15.1	15.2					30,473	21,450	0.01	70
Dates	34,369	30,280	0.01	88	-18.2	-18.0					42,016	36,927	0.01	88
Figs	11,717	8,436	0.00	72	1.5	1.6					11,544	8,303	0.00	72
Raisins	422,441	325,556	0.09	77	-1.2	-1.4					427,572	330,178	0.10	77
Prunes	165,559	127,142	0.04	77	-1.5	-1.7					168,080	129,340	0.04	77
Other Dried Fruit[17]	21,360	15,415	0.00	72	-1.1	-1.1					21,598	15,586	0.00	72
Instant Mashed Potatoes	215,713	206,772	0.06	96	3.1	3.2	153,011	0.06	44,679	29.2	209,227	200,360	0.06	96
Other Instant Potatoes	61,641	57,582	0.02	93	2.3	2.3	42,611	0.02	11,207	26.3	60,255	56,287	0.02	93
Rice	1,077,367	828,801	0.24	77	3.6	2.4	621,601	0.23	172,183	27.7	1,039,930	809,376	0.24	78
OTHER DRIED FOODS	1,715,424	1,576,035	0.45	92	4.0	4.1	1,192,269	0.44	335,170	28.1	1,650,010	1,514,613	0.45	92
Cured Fish	237,605	152,978	0.04	64	2.8	2.9	117,793	0.04	37,576	31.9	231,134	148,666	0.04	64
Dry Gravy Mixes	100,479	96,257	0.03	96	6.2	6.1	70,268	0.03	25,577	36.4	94,613	90,723	0.03	96
Dry Dinner Mixes	1,097,997	1,067,938	0.31	97	4.8	4.8	800,953	0.29	213,855	26.7	1,047,707	1,019,025	0.30	97
Breading Mixes	95,472	80,283	0.02	84	-0.3	-0.4	58,607	0.02	16,937	28.9	95,760	80,606	0.02	84
Dry Stuffing Mixes	183,870	178,578	0.05	97	1.7	1.7	144,649	0.05	41,225	28.5	180,797	175,593	0.05	97
FATS & SHORTENINGS[18]	1,845,366	1,542,060	0.44	84	-2.5	-2.3	1,182,060	0.43	239,257	20.2	1,893,282	1,578,056	0.47	83
Cooking & Salad Oils	1,207,462	996,759	0.29	83	-1.2	-1.1	797,407	0.29	177,024	22.2	1,222,127	1,007,845	0.30	82
Lard	68,680	29,095	0.01	42	-12.3	-12.4	21,239	0.01	3,356	15.8	78,312	33,214	0.01	42
Olive Oil	191,019	180,787	0.05	95	5.1	5.1	131,974	0.05	35,501	26.9	181,750	172,014	0.05	95
Shortening	378,206	335,419	0.10	89	-8.0	-8.1	231,439	0.09	23,375	10.1	411,093	364,983	0.11	89
JAMS, JELLIES, PRESERVES	2,748,991	2,237,920	0.65	81	2.2	2.4	1,538,165	0.57	393,033	25.6	2,688,548	2,185,363	0.64	81
Citrus Marmalade	16,197	13,673	0.00	84	9.3	9.3	722,083	0.27	202,905	28.1	14,819	12,510	0.00	84
Fruit Butter	9,390	8,146	0.00	87	13.3	13.4					8,288	7,184	0.00	87
Jams, Preserves	919,560	790,511	0.23	86	8.1	8.2					850,657	730,601	0.22	86
Jellies	292,414	249,558	0.07	85	3.3	3.4					283,073	241,352	0.07	85
Honey	217,201	153,959	0.04	71	10.0	9.1	110,850	0.04	30,040	27.1	197,455	141,117	0.04	71
Peanut Butter	1,294,230	1,022,074	0.29	79	-3.0	-2.9	705,231	0.26	160,087	22.7	1,334,257	1,052,600	0.31	79
PASTA	1,984,852	1,424,368	0.41	72	3.4	3.2	1,068,276	0.39	302,322	28.3	1,919,273	1,379,964	0.41	72
Macaroni	687,638	456,614	0.13	66	3.5	3.4					664,385	441,599	0.13	66
Noodles	499,080	370,829	0.11	74	4.8	4.5					476,222	354,860	0.10	75
Spaghetti	798,133	596,925	0.17	75	2.5	2.3					778,667	583,505	0.17	75
PREPARED DRINKS	8,889,526	6,751,529	1.95	76	-5.8	-5.6	4,951,033	1.82	1,125,396	22.7	9,441,794	7,155,648	2.11	76
Cocoa	288,505	260,521	0.08	90	-7.1	-7.0	213,627	0.08	52,766	24.7	310,609	280,171	0.08	90
Unsweetened Cocoa	23,601	17,461	0.01	74	-7.3	-7.2					25,460	18,816	0.01	74
Prepared Sweet Cocoa	264,904	243,060	0.07	92	-7.1	-7.0					285,150	261,355	0.08	92
Coffee	6,168,511	4,276,610	1.23	69	-8.5	-9.0	3,121,925	1.15	688,309		6,740,481	4,698,200	1.39	70
Regular Coffee	4,469,706	3,095,821	0.89	69	-9.2	-9.1	2,259,949	0.83	483,629	21.4	4,922,584	3,405,744	1.01	69
Instant Coffee	1,083,858	1,027,789	0.30	95	-9.9	-9.8	770,842	0.28	175,752	22.8	1,202,950	1,139,456	0.34	95
Whole Bean Coffee	614,947	153,000	0.04	25	-2.5	-2.6	111,690	0.04	26,928	25.9	614,947	153,000	0.05	25
Powdered Drink Mixes[19]	771,435	730,662	0.21	95	4.7	4.8	533,383	0.20	106,677	20.0	736,805	697,197	0.21	95
Dry Milk Powder[20]	135,117	127,914	0.04	95	-0.3	-0.3	92,098	0.03	20,630	22.4	135,523	128,299	0.04	95
Prepared Food Drinks	80,807	75,923	0.02	94	-7.0	-7.1	50,109	0.02	11,575	23.1	86,889	81,726	0.02	94
Tea	1,052,832	918,148	0.26	87	0.3	0.0	679,429	0.25	178,111		1,050,037	918,594	0.27	87
Bags & Loose Tea	442,078	395,155	0.11	89	4.6	4.5	308,221	0.11	95,240	30.9	422,637	378,139	0.11	89
Herb Tea	218,737	159,314	0.05	73	6.6	6.9	117,893	0.04	25,347	21.5	205,194	149,031	0.04	73
Ice Tea Mixes	281,677	262,297	0.08	93	-8.4	-8.3	186,231	0.07	41,529	22.3	307,508	286,038	0.08	93
Instant Tea	110,339	101,382	0.03	92	-3.8	-3.8	68,940	0.03	15,994	23.2	114,698	105,386	0.03	92
Breakfast Drinks	129,358	121,984	0.04	94	6.6	6.5	87,828	0.03	20,200	23.0	121,349	114,539	0.03	94
Coffee Creamer	262,962	239,766	0.07	91	1.1	1.2	172,632	0.06	47,128	27.3	260,100	236,923	0.07	91
SNACKS	10,205,281	6,612,726	1.91	65	3.4	3.0	4,322,718	1.59	1,206,518	27.9	9,870,648	6,419,297	1.89	65
Corn Chips	1,523,097	1,142,782	0.33	75	2.4	2.5	777,092	0.29	214,477	27.6	1,487,399	1,114,909	0.33	75
Fruit Rolls & Bars	407,061	343,997	0.10	85	7.5	7.6	213,278	0.08	53,959	25.3	378,661	319,700	0.09	84
Packaged Unpopped Popcorn	903,046	763,759	0.22	85	6.3	6.5	496,443	0.18	149,926	30.2	849,526	717,144	0.21	84
Popped Popcorn	658,304	434,731	0.13	66	-1.9	-4.9	239,102	0.09	72,448	30.3	671,054	457,130	0.13	68
Pork Rinds	309,415	271,371	0.08	88	2.2	2.0	173,677	0.06	53,319	30.7	302,754	266,050	0.08	88
Potato Chips	4,423,242	2,444,066	0.71	55	4.0	3.0	1,588,643	0.58	409,870	25.8	4,253,117	2,372,879	0.70	56
Pretzels	449,031	417,114	0.12	93	10.0	10.3	333,691	0.12	92,766	27.8	408,210	378,163	0.11	93
Snack Nuts[21]	1,532,085	794,907	0.23	52	0.8	0.2	500,792	0.18	159,752	31.9	1,519,926	793,321	0.23	52

17. Excludes fruit rolls and bars (listed under Snacks).

18. Margarine included with dairy.

19. Excludes "breakfast drinks".

20. Includes chocolate syrup-based drinks, malted milk items and other non-refrigerated items but excludes chocolate syrup.

21. Includes bulk nuts.

Dry Grocery – Foods

1991 TOTAL SALES		GROCERY STORE PERFORMANCE					SUPERMARKET PERFORMANCE				1990 PERFORMANCE			
(add 000 to all dollar figures)	Value of Total Retail Sales (all outlets)[1]	Amount Spent in Grocery Stores[2]	% of Total Store	% Grocery to Total	% Change from '90 to '91		Amount Spent in Supermarkets	% of Total Supermarket	Dollar Margin	% Margin	Value of Total Retail Sales (all outlets)[1]	Amount Spent in Grocery Stores[2]	% of Total Store	% Grocery to Total
					Total	Grocery								
SOFT DRINKS	**20,227,725**	**12,512,363**	**3.61**	**62**	**2.1**	**3.7**	**10,234,514**	**3.76**	**2,408,572**	**23.5**	***19,813,796**	***12,062,234**	**3.21**	**59**
Bottled Soft Drinks	14,968,662	7,605,024	2.19	51	1.3	1.4	8,959,239		2,042,706	22.8	**14,774,995	**7,503,334	2.16	50
Diet	1,396,689	1,083,426	0.31	78	2.4	2.3					**1,363,954	**1,059,067	0.26	78
Sugared	13,571,973	6,521,598	1.88	48	1.2	1.2					13,411,041	6,444,267	1.90	48
Canned Soft Drinks	3,563,497	3,320,877	0.96	93	2.2	2.1					**3,488,044	**3,252,616	0.86	94
Diet	1,713,723	1,558,898	0.45	91	3.0	2.9					**1,663,809	**1,514,964	0.34	91
Sugared	1,849,774	1,761,979	0.51	95	1.4	1.4					1,824,235	1,737,652	0.51	95
Bottled Water	695,567	686,463	0.20	99	8.4	8.6	645,275	0.24	179,386	27.8	641,667	632,102	0.19	99
Energy Drinks	999,999	900,000	0.26	90	10.0	10.0	630,000		186,480	29.6	909,090	818,182	ND	ND
SWEETENERS, FLAVORS	**2,999,931**	**2,459,284**	**0.71**	**82**	**0.4**	**0.2**	**1,846,532**	**0.68**	**405,388**	**22.0**	**2,989,243**	**2,454,366**	**0.72**	**82**
Flavoring Extracts	179,308	118,881	0.03	66	3.4	3.1	87,972	0.03	25,939		173,459	115,286	0.03	66
Vanilla Extracts	112,617	74,673	0.02	66	6.7	6.2	55,258	0.02	16,191	29.3	105,546	70,313	0.02	67
Other Flavoring Extracts	66,691	44,208	0.01	66	-1.8	-1.7	32,714	0.01	9,749	29.8	67,913	44,972	0.01	66
Marshmallow Cream	12,444	10,983	0.00	88	-3.4	-4.2	7,908	0.00	1,914	24.2	12,882	11,464	0.00	89
Packaged Molasses	28,179	24,413	0.01	87	6.1	6.2	18,066	0.01	4,119	22.8	26,559	22,988	0.01	87
Sugar	1,840,988	1,556,391	0.45	85	-2.0	-2.1	1,151,729	0.42	255,684	22.2	1,878,559	1,589,776	0.47	85
Synthetic Sweeteners	298,913	263,739	0.08	88	2.7	2.8	197,804	0.07	46,484	23.5	291,055	256,555	0.08	88
Table Syrup	640,100	484,677	0.14	76	5.5	5.8	383,053	0.14	71,248	18.6	606,730	458,296	0.14	76
TOTAL DRY GROCERY (Food)	**148,933,769**	**100,597,341**	**29.03**	**68**	**1.0**	**1.9**	**74,219,220**	**27.27**	**16,940,088**	**22.8**	***147,468,997**	***98,703,766**	**28.73**	**67**
TOTAL FOODS	**390,893,132**	**267,150,225**	**77.09**	**68**	**2.7**	**3.4**	**208,667,938**	**76.66**	**48,629,175**	**23.3**	***380,767,711**	***258,302,217**	**75.83**	**68**

Dry Grocery – Nonfoods

1991 TOTAL SALES		GROCERY STORE PERFORMANCE					SUPERMARKET PERFORMANCE				1990 PERFORMANCE			
(add 000 to all dollar figures)	Value of Total Retail Sales (all outlets)[1]	Amount Spent in Grocery Stores[2]	% of Total Store	% Grocery to Total	% Change from '90 to '91		Amount Spent in Supermarkets	% of Total Supermarket	Dollar Margin	% Margin	Value of Total Retail Sales (all outlets)[1]	Amount Spent in Grocery Stores[2]	% of Total Store	% Grocery to Total
					Total	Grocery								
HOME CANNING SUPPLIES	**118,251**	**94,796**	**0.03**	**80**	**0.5**	**0.4**	**78,680**	**0.03**	**17,939**	**22.8**	**117,632**	**94,440**	**0.03**	**80**
Caps, Lids, Bands	68,381	58,377	0.02	85	0.4	0.3				22.8	68,108	58,202	0.02	85
Jars	49,871	36,419	0.01	73	0.7	0.5				22.8	49,524	36,238	0.01	73
LAUNDRY SUPPLIES	**1,729,735**	**1,599,676**	**0.46**	**92**	**-2.6**	**-2.6**	**1,158,779**	**0.43**	**245,031**	**21.1**	**1,776,585**	**1,642,527**	**0.48**	**92**
Bleaches	715,186	668,059	0.19	93	-0.9	-0.9	474,322	0.17	82,058	17.3	721,703	674,407	0.20	93
Chlorine Bleach	313,726	294,984	0.09	94	-3.3	-3.2					324,432	304,735	0.09	94
Non-Chlorine	351,212	327,588	0.09	93	1.6	1.4					345,681	323,065	0.10	93
Dry Bleach	50,248	45,488	0.01	91	-2.6	-2.4					51,590	46,607	0.01	90
Bluing	5,092	4,225	0.00	83	0.7	0.6	2,957	0.00	683	23.1	5,057	4,199	0.00	83
Fabric Softeners	735,673	682,881	0.20	93	-4.9	-4.8	505,332	0.19	121,785	24.1	773,578	717,312	0.21	93
Soil & Stain Remover	188,470	167,014	0.05	89	2.7	2.8	121,920	0.04	27,920	22.9	183,515	162,465	0.05	89
Laundry Starch [22]	85,313	77,496	0.02	91	-8.0	-7.9	54,248	0.02	12,585	23.2	92,731	84,144	0.02	91
SOAPS & DETERGENTS	**6,519,685**	**5,936,240**	**1.71**	**91**	**-1.3**	**-1.5**	**4,538,021**	**1.67**	**953,313**	**21.0**	**6,603,037**	**6,026,015**	**1.78**	**91**
Cleansers (Scouring)	291,304	231,341	0.07	79	1.5	1.6	168,879	0.06	38,673	22.9	286,999	227,698	0.07	79
Laundry Bar Soaps	4,745	3,784	0.00	80	5.1	5.1	2,914	0.00	603	20.7	4,515	3,601	0.00	80
Soap Flakes, Chips, Powders	30,637	29,068	0.01	95	-11.4	-11.3	21,220	0.01	4,393	20.7	34,579	32,772	0.01	95
Liquid Detergents	2,002,065	1,888,352	0.54	94	-4.7	-4.6	1,506,305		304,680		2,100,016	1,979,195	0.58	94
Heavy Duty	770,795	725,355	0.21	94	-1.4	-1.0	587,538	0.22	116,332	19.8	781,740	732,682	0.22	94
Other Liquid Detergents [23]	1,231,270	1,162,997	0.34	94	-6.6	-6.7	918,767	0.34	188,347	20.5	1,318,276	1,246,513	0.37	95
Other Detergents	2,660,593	2,547,166	0.74	96	-0.4	-0.3	1,936,038	0.71	359,161	18.6	2,670,839	2,555,650	0.75	96
Dishwashing Compounds	509,696	450,627	0.13	88	0.0	-0.1	351,489	0.13	72,758	20.7	509,696	451,078	0.13	88
Other Dry Low-Sudsing	921,312	882,096	0.25	96	0.1	0.2	661,572	0.24	118,421	17.9	920,392	880,335	0.26	96
Other Dry Detergents	1,229,585	1,214,443	0.35	99	-0.9	-0.8	922,977	0.34	167,982	18.2	1,240,752	1,224,237	0.36	99
Toilet Soaps/Detergents	1,382,668	1,151,435	0.33	83	1.6	0.7	840,547	0.31	227,788	27.1	1,360,598	1,143,346	0.34	84
Bath Detergents	148,015	112,471	0.03	76	5.4	4.2					140,432	107,937	0.03	77
Bath Soaps	359,131	275,261	0.08	77	-3.8	-3.6					373,317	285,540	0.08	76
Deodorant Soaps & Bars	535,418	529,858	0.15	99	-2.2	-2.7					547,463	544,561	0.16	99
Liquid Soaps	340,104	233,846	0.07	69	13.6	13.9					299,387	205,308	0.06	69
Water Softening Salt	147,673	85,094	0.02	58	1.5	1.6	62,119	0.02	18,014	29.0	145,490	83,754	0.02	58

22. Includes dry, liquid and spray starch.

23. Includes dishwashing liquids.

* Represents a revision of 1990 figures originally published due to the inclusion of new categories, or a change in category composition.

** Represents a revision in 1990 figures originally published.

Dry Grocery–Nonfoods

1991 TOTAL SALES		GROCERY STORE PERFORMANCE					SUPERMARKET PERFORMANCE				1990 PERFORMANCE			
(add 000 to all dollar figures)	Value of Total Retail Sales (all outlets)[1]	Amount Spent in Grocery Stores[2]	% of Total Store	% Grocery to Total	% Change from '90 to '91 Total	% Change from '90 to '91 Grocery	Amount Spent in Supermarkets	% of Total Supermarket	Dollar Margin	% Margin	Value of Total Retail Sales (all outlets)[1]	Amount Spent in Grocery Stores[2]	% of Total Store	% Grocery to Total
OTHER CLEANERS, & SUPPLIES	**3,684,475**	**2,418,692**	**0.70**	**66**	**-0.6**	**1.0**	**1,748,722**	**0.64**	**526,387**	**30.1**	**3,707,559**	**2,395,821**	**0.71**	**65**
All-Purpose Cleaners (Liquid)	836,494	748,605	0.22	89	2.3	2.6	576,426	0.21	146,989	25.5	817,687	729,635	0.22	89
Cellulose Sponges	172,470	116,827	0.03	68	6.5	2.8	82,947	0.03	37,990	45.8	161,943	113,645	0.03	70
Drain Pipe Solvents	34,354	32,085	0.01	93	-2.3	-1.9	25,668	0.01	6,186	24.1	35,163	32,706	0.01	93
Household Ammonia	53,519	36,798	0.01	69	0.8	0.7	26,495	0.01	6,173	23.3	53,094	36,543	0.01	69
Household Brooms	156,231	101,395	0.03	65	-3.1	-2.8	123,243	0.05	53,241	43.2	161,229	104,316	0.03	65
Mops	212,406	122,683	0.04	58	-4.4	-4.1					222,183	127,928	0.04	58
Spot Cleaning Fluid	49,308	20,365	0.01	41	-9.0	-9.2	14,459	0.01	5,061	35.0	54,185	22,428	0.01	41
Household Disinfectants	322,197	247,488	0.07	77	5.2	5.4	178,192	0.07	45,973	25.8	306,365	234,919	0.07	77
Aerosol	254,327	190,627	0.06	75	5.0	5.1					242,216	181,377	0.05	75
Non-Aerosol	67,870	56,861	0.02	84	5.8	6.2					64,149	53,542	0.02	83
Household Deodorizers	389,060	222,604	0.06	57	2.6	2.4	160,275	0.06	46,800	29.2	379,291	217,397	0.06	57
Aerosol,Room	104,437	70,710	0.02	68	-2.8	-2.6					107,446	72,598	0.02	68
Non-Aerosol,Room	284,622	151,894	0.04	53	4.7	4.9					271,846	144,799	0.04	53
Rug Cleaners	102,374	75,415	0.02	74	2.7	2.8	56,561	0.02	17,477	30.9	99,682	73,361	0.02	74
Oven Cleaners	70,739	66,886	0.02	95	10.3	10.4	50,833	0.02	12,708	25.0	64,133	60,585	0.02	94
Steel Wool & Wire Sponges	142,643	132,106	0.04	93	12.2	12.7	93,795	0.03	27,013	28.8	127,133	117,219	0.03	92
Toilet Bowl Cleaners	121,640	105,738	0.03	87	-2.4	-2.1	75,074	0.03	21,171	28.2	124,632	108,006	0.03	87
Vacuum Cleaner Bags	711,037	159,664	0.05	22	-8.4	-8.7	116,555	0.04	56,179	48.2	776,241	174,879	0.05	23
Wall & Floor Cleaners	58,871	51,231	0.01	87	-6.9	-7.0	36,374	0.01	9,421	25.9	63,234	55,087	0.02	87
Window Cleaners	116,709	97,524	0.03	84	-9.2	-8.8	69,242	0.03	17,795	25.7	128,534	106,935	0.03	83
All Other Cleaners[24]	134,424	81,276	0.02	60	1.2	1.3	62,582	0.02	16,209	25.9	132,830	80,233	0.02	60
PAPER, PLASTIC, FOIL PRODUCTS	**16,182,100**	**12,081,788**	**3.49**	**75**	**0.1**	**-0.9**	**9,222,014**	**3.39**	**1,918,952**	**20.8**	**16,167,494**	**12,189,442**	**3.60**	**75**
Cleansing/Facial Tissues	1,071,820	913,947	0.26	85	3.0	2.7	795,134	0.29	147,895	18.6	1,040,602	889,919	0.26	86
Coffee Filters	106,881	106,390	0.03	100	4.2	4.2	78,728	0.03	24,170	30.7	102,573	102,102	0.03	100
Disposable Diapers	3,613,356	2,431,470	0.70	67	5.7	5.1	1,726,344	0.63	122,570	7.1	3,418,501	2,313,483	0.68	68
Incontinence Products	1,042,189	115,614	0.03	11	18.5	25.9	92,491	0.03	28,857	31.2	879,485	91,830	0.03	10
Freezer Paper	28,443	24,026	0.01	84	16.0	16.1	17,779	0.01	5,138	28.9	24,520	20,694	0.01	84
Paper Cups[25]	443,492	346,311	0.10	78	-3.4	-3.5	294,364	0.11	68,587	23.3	459,101	358,871	0.11	78
Paper Napkins	477,662	439,674	0.13	92	-3.1	-2.2	351,739	0.13	96,025	27.3	492,944	449,564	0.13	91
Paper Plates[25]	771,964	612,516	0.18	79	-1.2	-1.0	477,762	0.18	76,920	16.1	781,340	618,703	0.18	79
Paper Towels	1,917,428	1,727,336	0.50	90	-2.7	0.0	1,174,589	0.43	295,996	25.2	1,970,635	1,727,336	0.51	88
Pre-Moistened Wipes[26]	221,771	173,210	0.05	78	4.8	3.4	128,176	0.05	32,044	25.0	211,614	167,515	0.05	79
Sandwich Bags	8,860	8,167	0.00	92	1.0	1.1	5,962	0.00	817	13.7	8,772	8,078	0.00	92
Toilet Paper	2,891,896	2,701,226	0.78	93	-5.4	-5.7	1,917,870	0.70	485,221	25.3	3,056,973	2,864,502	0.85	94
Waxed Paper	37,017	32,118	0.01	87	-9.6	-9.5	23,767	0.01	5,609	23.6	40,948	35,490	0.01	87
Other Paper Products	124,013	34,836	0.01	28	6.4	6.2	26,127	0.01	6,009	23.0	116,553	32,802	0.01	28
Plastic Cutlery	80,261	66,582	0.02	83	20.6	20.9	43,278	0.02	10,127	23.4	66,552	55,072	0.02	83
Household Aluminum Foil	458,748	409,911	0.12	89	-3.0	-3.3	327,928	0.12	64,274	19.6	472,936	423,899	0.13	90
Disposable Aluminum Cookware	229,834	173,178	0.05	75	-1.1	-0.9	143,738	0.05	38,091	26.5	232,390	174,751	0.05	75
Plastic Bags	2,390,591	1,558,590	0.45	65	-4.5	-4.5	1,449,489	0.53	379,639	26.2	2,502,062	1,632,347	0.48	65
Garbage Disposal	1,734,537	1,016,219	0.29	59	-5.7	-6.2	945,084	0.35	249,502	26.4	1,839,381	1,083,389	0.32	59
Food&Other Bags	656,054	542,371	0.16	83	-1.0	-1.2	504,405	0.19	130,136	25.8	662,681	548,958	0.16	83
Plastic Film Wrap	265,873	206,686	0.06	78	-8.0	-7.1	146,747	0.05	30,964	21.1	288,993	222,482	0.07	77
PESTICIDES & RODENT CONTROL	**698,019**	**385,562**	**0.11**	**55**	**8.6**	**5.7**	**293,027**	**0.11**	**101,974**	**34.8**	**642,761**	**364,621**	**0.11**	**57**
Aerosol	289,758	190,121	0.05	66	2.3	2.1					283,243	186,211	0.05	66
Liquid (Non-Aerosol)	49,524	32,119	0.01	65	1.7	1.6					48,696	31,613	0.01	65
Pastes,Solids,Strips	45,910	31,448	0.01	68	10.2	10.3					41,660	28,511	0.01	68
Personal Insect Repelients	114,735	53,866	0.02	47	19.7	12.8					95,853	47,753	0.01	50
Non-Chemical Pest Control[27]	198,092	78,009	0.02	39	14.3	10.6					173,309	70,532	0.02	41
WAXES & POLISHES	**357,443**	**279,873**	**0.08**	**78**	**-3.0**	**-2.7**	**194,499**	**0.07**	**51,523**	**26.5**	**368,607**	**287,744**	**0.08**	**78**
Furniture Polish	224,718	175,217	0.05	78	-4.2	-4.0	119,147	0.04	31,932	26.8	234,570	182,518	0.05	78
Buffing Floor Wax	8,077	4,967	0.00	61	-10.4	-10.3	75,352	0.03	19,592	26.0	9,015	5,538	0.00	61
Self-Polishing Floor Wax	124,648	99,689	0.03	80	-0.3	0.0					125,023	99,689	0.03	80
OTHER HOUSEHOLD SUPPLIES	**3,222,080**	**1,416,367**	**0.41**	**44**	**12.8**	**6.0**	**857,484**	**0.32**	**312,099**	**36.4**	**2,856,270**	**1,335,744**	**0.39**	**47**
Charcoal Briquettes	349,637	313,660	0.09	90	0.5	0.6	203,879	0.07	46,484	22.8	347,897	311,789	0.09	90
Charcoal Lighter	113,737	82,003	0.02	72	1.1	1.2	57,402	0.02	15,613	27.2	112,500	81,031	0.02	72
Electric Christmas Bulbs/Sets	327,193	36,114	0.01	11	5.5	5.5	23,474	0.01	10,211	43.5	310,135	34,231	0.01	11
Electric Light Bulbs[28]	1,311,902	525,506	0.15	40	4.4	2.5	315,304	0.12	137,472	43.6	1,256,611	512,689	0.15	41
Fireplace Logs	124,607	87,795	0.03	70	3.0	3.3	75,504	0.03	20,084	26.6	120,977	84,990	0.03	70
Household Glue	27,361	3,407	0.00	12	6.9	4.5	2,146	0.00	848	39.5	25,812	3,260	0.00	13
Household Tints & Dyes	56,877	5,175	0.00	9	4.7	4.6	3,002	0.00	1,219	40.6	54,324	4,948	0.00	9
Matches[29]	39,280	30,559	0.01	78	3.0	3.1	18,335	0.01	6,876	37.5	38,136	29,640	0.01	78

[24] Includes borax and similar products.

[25] Includes plastic and other non-paper disposables.

[26] Includes baby wipes.

[27] Includes rodent, insect and other traps.

[28] 200 watt and under, including non-residential use. Grocery store sales are estimated to be 70 percent residential.

[29] Includes wooden and book matches.

Dry Grocery – Nonfoods

1991 TOTAL SALES		GROCERY STORE PERFORMANCE					SUPERMARKET PERFORMANCE				1990 PERFORMANCE			
(add 000 to all dollar figures)	Value of Total Retail Sales (all outlets)[1]	Amount Spent in Grocery Stores[2]	% of Total Store	% Grocery to Total	% Change from '90 to '91 Total	% Change from '90 to '91 Grocery	Amount Spent in Supermarkets	% of Total Supermarket	Dollar Margin	% Margin	Value of Total Retail Sales (all outlets)[1]	Amount Spent in Grocery Stores[2]	% of Total Store	% Grocery to Total
Shoe Polish	274,575	81,618	0.02	30	6.0	2.5	48,971	0.02	23,261	47.5	259,033	79,627	0.02	31
Gloves	118,867	88,209	0.03	74	-3.0	-2.4	53,808	0.02	22,868	42.5	122,587	90,369	0.03	74
Household Gloves (Cloth)	47,316	18,163	0.01	38	-4.7	-4.6					49,650	19,039	0.01	38
Rubber Gloves	71,551	70,046	0.02	98	-1.9	-1.8					72,937	71,330	0.02	98
Household Cellophane Tape	255,000	51,000	0.01	20	2.0	2.0	33,150				NC	NC		ND
Household Supplies NCE	223,044	111,322	0.03	50	7.1	7.9	55,661	0.02	27,162	48.8	208,258	103,171	0.03	50
PET FOODS [30]	**6,887,959**	**6,220,830**	**1.80**	**90**	**0.2**	**-0.3**	**4,492,408**	**1.65**	**875,862**	**19.5**	**6,874,203**	**6,237,718**	**1.84**	**91**
Canned Pet Food	2,342,534	2,144,344	0.62	92	-0.3	-0.5	1,558,628	0.57	328,890	21.1	2,350,506	2,155,001	0.64	92
Canned Cat Food	1,320,698	1,204,801	0.35	91	-0.6	-0.8	891,552	0.33	196,142	22.0	1,328,670	1,214,517	0.36	91
Canned Dog Food	1,021,836	939,544	0.27	92	0.0	-0.1	667,076	0.25	132,748	19.9	1,021,836	940,484	0.28	92
Dry Pet Food	3,233,042	2,981,612	0.86	92	0.6	0.1	2,116,944	0.78	355,137	16.8	3,215,192	2,978,092	0.88	93
Dry Cat Food	1,005,899	927,898	0.27	92	-0.2	-0.5	658,807	0.24	129,126	19.6	1,007,915	932,560	0.28	93
Dry Dog Food	2,227,143	2,053,714	0.59	92	0.9	0.4	1,458,137	0.54	226,011	15.5	2,207,278	2,045,532	0.60	93
Semi-Moist Pet Food	297,519	256,366	0.07	86	-15.9	-16.3	192,452	0.07	36,923	19.2	353,610	306,128	0.09	87
Semi-Moist Cat Food	157,353	140,457	0.04	89	-18.1	-16.4	99,724	0.04	18,748	18.8	192,128	172,129	0.05	90
Semi-Moist Dog Food	140,166	115,909	0.03	83	-13.2	-13.5	92,727	0.03	18,175	19.6	161,482	133,999	0.04	83
Pet Snacks	454,817	423,613	0.12	93	1.3	0.3	300,765	0.11	69,477	23.1	448,980	422,346	0.12	94
Cat Litter	560,047	414,895	0.12	74	10.7	10.3	323,618	0.12	85,435	26.4	505,915	376,152	0.11	74
TOBACCO PRODUCTS	**33,583,064**	**15,985,398**	**4.61**	**48**	**3.0**	**1.3**	**12,031,311**	**4.42**	**2,775,876**	**23.1**	**32,595,922**	**15,779,612**	**4.66**	**48**
Cigarettes	31,825,632	15,393,519	4.44	48	3.0	1.2	11,853,010	4.35	2,738,045	23.1	30,904,073	15,206,206	4.49	49
Filter-Tipped Cigarettes	30,555,944	14,788,088	4.27	48	3.2	1.6					29,608,473	14,555,205	4.30	49
Other Cigarettes	1,269,688	605,431	0.17	48	-2.0	-7.0					1,295,600	651,001	0.19	50
Cigars	646,114	73,978	0.02	11	5.6	4.8	38,468	0.01	7,347	19.1	611,850	70,589	0.02	12
Other Tobacco Products [31]	1,111,318	517,901	0.15	47	2.9	3.0	139,833	0.05	30,484	21.8	1,079,998	502,816	0.15	47
TOTAL DRY GROCERY (Nonfood)	**72,982,811**	**46,419,221**	**13.40**	**64**	**1.4**	**0.0**	**34,614,948**	**12.72**	**7,778,957**	**22.5**	**71,960,070**	**46,403,684**	**13.68**	**65**

Health and Beauty Aids

1991 TOTAL SALES		GROCERY STORE PERFORMANCE					SUPERMARKET PERFORMANCE				1990 PERFORMANCE			
(add 000 to all dollar figures)	Value of Total Retail Sales (all outlets)[1]	Amount Spent in Grocery Stores[2]	% of Total Store	% Grocery to Total	% Change from '90 to '91 Total	% Change from '90 to '91 Grocery	Amount Spent in Supermarkets	% of Total Supermarket	Dollar Margin	% Margin	Value of Total Retail Sales (all outlets)[1]	Amount Spent in Grocery Stores[2]	% of Total Store	% Grocery to Total
DIET AIDS [32]	**545,425**	**350,555**	**0.10**	**64.27**	**-12.2**	**-9.2**	**238,377**	**0.09**	**67,699**	**28.4**	**621,495**	**386,254**	**0.11**	**62**
Diet Supplements	116,417	85,442	0.02	73.39	-24.4	-17.8					153,990	103,944	0.03	67
Metered Calorie Meals	264,623	221,336	0.06	83.64	-7.3	-5.6					285,462	234,467	0.07	82
Reducing Preparations	164,385	43,777	0.01	26.63	-9.7	-8.5					182,043	47,844	0.01	26
COSMETICS	**5,845,087**	**722,225**	**0.21**	**12.36**	**3.0**	**0.9**	**538,161**	**0.20**	**201,411**	**37.4**	**5,676,728**	**716,000**	**0.21**	**13**
Eye Makeup Products	3,001,678	604,167	0.17	20.13	2.6	0.6	447,084	0.16	167,656	37.5	2,926,402	600,519	0.18	21
Eye Shadow	1,138,478	241,498	0.07	21.21	4.2	1.2					1,092,589	238,635	0.07	22
Eyeliner	295,887	58,059	0.02	19.62	-0.8	-1.1					298,273	58,705	0.02	20
Mascara	1,331,782	259,129	0.07	19.46	2.5	0.9					1,299,300	256,817	0.08	20
Other Eye Prep. & Accessories [33]	235,531	45,481	0.01	19.31	-0.3	-1.9					236,239	46,362	0.01	20
Lipstick (& Gloss)	1,756,340	62,992	0.02	3.59	4.2	4.5	49,134	0.02	17,983	36.6	1,685,547	60,280	0.02	4
Makeup Bases	886,174	45,733	0.01	5.16	2.3	-0.3	34,757	0.01	13,034	37.5	865,873	45,859	0.01	5
Cake	81,497	4,006	0.00	4.92	1.8	-0.6					80,056	4,031	0.00	5
Cream	245,425	11,578	0.00	4.72	1.5	-0.1					241,798	11,589	0.00	5
Lotion	559,251	30,149	0.01	5.39	2.8	-0.3					544,019	30,240	0.01	6
Pressed Cake Powder & Blush	200,895	9,332	0.00	4.65	1.0	-0.1	7,186	0.00	2,738	38.1	198,906	9,342	0.00	5
FAMILY PLANNING	**750,986**	**113,461**	**0.03**	**15.11**	**6.8**	**10.3**	**102,521**	**0.04**	**47,212**	**46.1**	**702,898**	**102,853**	**0.03**	**15**
Condoms	281,693	54,668	0.02	19.41	5.3	11.9	46,468	0.02	25,278	54.4	267,515	48,854	0.01	18
Female Contraceptives [34]	55,437	9,713	0.00	17.52	-8.9	-6.7	8,936	0.00	3,369	37.7	60,853	10,410	0.00	17
Home Pregnancy Tests	413,856	49,081	0.01	11.86	10.5	12.6	47,118	0.02	18,564	39.4	374,530	43,589	0.01	12
FEMININE HYGIENE PRODUCTS	**1,932,447**	**1,182,859**	**0.34**	**61.21**	**1.8**	**7.2**	**1,031,676**	**0.38**	**294,602**	**28.6**	**1,898,447**	**1,103,369**	**0.33**	**58**
Douches	71,678	29,782	0.01	41.55	-10.0	-10.1	27,995	0.01	9,518	34.0	71,678	29,782	0.01	42
Sanitary Napkins	1,149,447	752,022	0.22	65.42	-1.6	7.3	706,901	0.26	226,915	32.1	1,168,137	700,860	0.21	60
Tampons	711,322	401,054	0.12	56.38	8.0	7.6	296,780	0.11	58,169	19.6	658,631	372,727	0.11	57

[30] Cage-bird food & pet accessories listed under GM.

[31] Includes pipe and cigarette tobacco, smokeless products and snuff. Excludes smoking accessories.

[32] Does not include frozen foods.

[33] Includes false eyelashes, adhesives, brushes, tweezers, etc.

[34] Includes sponges and all other non-Rx contraceptives.

NC Not Comparable ND Not Determined
NCE Not Classified Elsewhere

Health and Beauty Aids

	1991 TOTAL SALES	GROCERY STORE PERFORMANCE					SUPERMARKET PERFORMANCE				1990 PERFORMANCE			
(add 000 to all dollar figures)	Value of Total Retail Sales (all outlets)[1]	Amount Spent in Grocery Stores[2]	% of Total Store	% Grocery to Total	% Change from '90 to '91 Total	% Change from '90 to '91 Grocery	Amount Spent in Supermarkets	% of Total Supermarket	Dollar Margin	% Margin	Value of Total Retail Sales (all outlets)[1]	Amount Spent in Grocery Stores[2]	% of Total Store	% Grocery to Total
HAIR PRODUCTS	**4,869,437**	**1,877,584**	**0.54**	**38.56**	**1.8**	**2.7**	**1,685,087**	**0.62**	**546,927**	**32.5**	**4,781,478**	**1,828,714**	**0.54**	**38**
Coloring Preparations	870,687	111,006	0.03	12.75	1.2	4.0	99,906	0.04	25,876	25.9	860,363	106,737	0.03	12
Conditioners & Cream Rinses	541,335	254,423	0.07	47.00	8.5	-6.3	236,613	0.09	61,756	26.1	*541,335	*254,423	0.03	55
Dandruff Rinses	17,316	6,310	0.00	36.44	-6.9	-5.1	5,869	0.00	1,655	28.2	18,599	6,649	0.00	36
Men's Hair Dressing	87,143	43,003	0.01	49.35	2.4	-6.0	39,563	0.01	12,977	32.8	*85,100	*45,748	0.01	54
Shampoos	1,503,125	959,818	0.28	63.85	3.2	6.5	892,631	0.33	271,360	30.4	1,457,093	901,113	0.27	62
Baby Shampoo	114,596	65,620	0.02	57.26	10.1	-16.3					104,084	78,400	0.02	75
Color Shampoo	7,944	2,397	0.00	30.18	-12.0	8.4					9,027	2,212	0.00	24
Medicated Shampoo	382,838	211,151	0.06	55.15	-4.3	-5.5					400,039	223,441	0.07	56
Other Shampoo	997,747	680,649	0.20	68.22	5.7	14.0					943,942	597,061	0.18	63
Hair Accessories	1,083,936	227,317	0.07	20.97	3.6	2.0	202,312	0.07	111,879	55.3	1,046,349	222,811	0.07	21
Barrettes	102,651	15,053	0.00	14.66	8.0	3.0					95,047	14,615	0.00	15
Bobby Pins	44,201	11,492	0.00	26.00	-2.1	1.1					45,149	11,367	0.00	25
Combs[35]	248,203	26,220	0.01	10.56	4.1	2.3					238,428	25,631	0.01	11
Curlers & Rollers	137,307	27,548	0.01	20.06	0.0	1.0					137,307	27,275	0.01	20
Hair Brushes	386,704	121,735	0.04	31.48	4.3	2.2					370,761	119,114	0.04	32
Hair Nets	41,897	4,627	0.00	11.04	-2.0	1.0					42,752	4,582	0.00	11
Pin Curl Clips	31,839	10,771	0.00	33.83	-2.1	1.1					32,522	10,654	0.00	33
Pony Tailers	91,134	9,870	0.00	10.83	8.0	3.1					84,383	9,573	0.00	11
Home Permanent Kits /Refills	132,547	21,903	0.01	16.52	6.8	6.0	19,493	0.01	6,335	32.5	124,107	20,663	0.01	17
Waveset Preparation	66,690	16,878	0.00	25.31	4.3	-5.0	13,672	0.01	4,525	33.1	63,941	17,767	0.01	28
Hair Spray	505,202	221,926	0.06	43.93	-3.1	-6.3	208,610	0.08	61,749	29.6	*521,364	*236,847	0.06	46
Other Hair Dressings	61,457	14,999	0.00	24.41	-2.8	-6.0	11,849	0.00	3,448	29.1	*63,228	*15,956	0.00	25
HEALTH AIDS	**1,259,185**	**572,584**	**0.17**	**45.47**	**1.8**	**1.1**	**474,605**	**0.17**	**175,375**	**37.0**	**1,237,512**	**566,203**	**0.17**	**46**
Baby Oils & Lotions	110,771	87,242	0.03	78.76	1.1	-1.5	71,539	0.03	23,250	32.5	109,566	88,571	0.03	81
Baby Pants	62,003	8,299	0.00	13.38	0.7	0.3	6,805	0.00	2,838	41.7	61,572	8,274	0.00	13
Baby Powder	104,255	49,251	0.01	47.24	-0.4	-0.6	40,386	0.01	12,843	31.8	104,673	49,548	0.01	47
Cotton Swabs	101,180	62,116	0.02	61.39	0.9	-0.2	50,936	0.02	17,114	33.6	100,278	62,241	0.02	62
Diaper Rash Products	50,447	30,259	0.01	59.98	3.6	5.3	24,812	0.01	8,486	34.2	48,694	28,736	0.01	59
Fever Thermometers	49,195	18,113	0.01	36.82	14.9	16.0	14,853	0.01	5,332	35.9	42,816	15,615	0.00	36
First Aid Products	594,022	267,386	0.08	45.01	1.2	1.3	219,257	0.08	84,852	38.7	587,257	263,892	0.08	45
Adhesive Bandages	234,354	122,957	0.04	52.47	2.1	2.6					229,534	119,841	0.04	52
Adhesive Tapes	80,344	47,847	0.01	59.55	1.0	1.1					79,548	47,326	0.01	59
Cotton Balls	86,695	31,764	0.01	36.64	-0.2	0.0					86,868	31,764	0.01	37
First Aid Kits	44,321	23,316	0.01	52.61	0.6	-1.8					44,056	23,744	0.01	54
Gauze Bandages	53,737	13,310	0.00	24.77	0.8	0.9					53,310	13,191	0.00	25
Gauze Dressings	59,012	13,004	0.00	22.04	0.9	0.7					58,486	12,913	0.00	22
Other First Aid Cotton	35,561	15,189	0.00	42.71	0.3	0.5					35,454	15,113	0.00	43
Nipples & Pacifiers	63,865	22,362	0.01	35.01	5.1	4.3	22,139	0.01	9,874	44.6	60,766	21,440	0.01	35
Nursing Bottles	63,843	9,196	0.00	14.40	3.6	3.1	7,541	0.00	3,401	45.1	61,624	8,920	0.00	14
Disposable Bottle Liners	59,603	18,358	0.01	30.80	1.1	-3.2	16,339	0.01	7,385	45.2	60,266	18,965	0.01	31
NAIL CARE PRODUCTS[36]	**694,615**	**129,199**	**0.04**	**18.60**	**7.8**	**5.4**	**108,527**	**0.04**	**45,364**	**41.8**	**644,274**	**122,552**	**0.04**	**19**
Manicure Implements	255,585	69,967	0.02	27.38	20.8	15.1					211,577	60,788	0.02	29
Nail Polish & Enamel	383,498	47,389	0.01	12.36	1.8	-4.1					376,717	49,415	0.01	13
Nail Polish Remover	55,532	11,843	0.00	21.33	-0.8	-4.1					55,979	12,350	0.00	22
ORAL HYGIENE PRODUCTS	**3,007,227**	**1,610,897**	**0.46**	**53.57**	**4.1**	**2.3**	**1,400,090**	**0.51**	**343,835**	**24.6**	**2,889,398**	**1,575,061**	**0.46**	**55**
Denture Products	337,232	141,606	0.04	41.99	2.3	3.3	120,365	0.04	34,906	29.0	329,767	137,137	0.04	42
Denture Adhesives	152,933	60,450	0.02	39.53	2.1	5.0					149,787	57,571	0.02	38
Denture Cleaners	184,299	81,157	0.02	44.04	2.4	2.0					179,979	79,566	0.02	44
Mouthwash & Gargles	654,889	350,499	0.10	53.52	-7.9	-10.5	304,934	0.11	74,709	24.5	711,063	391,619	0.12	55
Breath Fresheners[37]	27,248	12,882	0.00	47.28	-4.2	-6.1	10,563	0.00	3,771	35.7	28,442	13,719	0.00	48
Toothbrushes	489,458	203,560	0.06	41.59	8.6	27.3	166,919	0.06	37,390	22.4	450,698	159,905	0.05	35
Toothpaste & Powder	1,388,481	861,046	0.25	62.01	9.1	3.0	766,331	0.28	180,854	23.6	1,272,668	835,967	0.25	66
Dental Floss	109,920	41,303	0.01	37.58	13.6	12.5	30,977	0.01	12,205	39.4	96,760	36,714	0.01	38
PACKAGED MEDICATIONS	**10,326,715**	**3,642,536**	**1.05**	**35.27**	**4.5**	**8.8**	**2,918,243**	**1.07**	**1,087,171**	**37.3**	****9,884,152**	****3,347,937**	**0.98**	**36**
Acne Preparations	238,136	43,652	0.01	18.33	6.3	1.9	36,231	0.01	12,101	33.4	224,022	42,838	0.01	19
Aerosol Antiseptics	105,050	19,292	0.01	18.36	6.9	0.8	104,609		39,124	37.4	98,270	19,138	0.01	19
Athlete's Foot Medications	180,714	40,130	0.01	22.21	20.1	5.0					150,470	38,219	0.01	25
Burn Remedies	64,287	17,625	0.01	27.42	10.1	8.3					58,389	16,274	0.00	28
External Antiseptics	35,868	7,286	0.00	20.31	4.4	4.2					34,356	6,993	0.00	20
Foot Salves, Ointments	79,235	19,876	0.01	25.08	0.0	5.8					79,235	18,786	0.01	24
Poison Ivy Remedies	76,555	20,327	0.01	26.55	-3.2	5.6					79,086	19,249	0.01	24
Antacids	1,017,921	478,347	0.14	46.99	6.5	7.9	416,162	0.15	120,271	28.9	955,659	443,349	0.13	46
Effervescent Antacids	120,518	70,087	0.02	58.15	9.1	8.1					110,466	64,836	0.02	59
Liquid Antacids	427,959	183,597	0.05	42.90	5.6	7.8					405,264	170,313	0.05	42
Powder Antacids	6,082	2,749	0.00	45.20	0.2	0.9					6,070	2,725	0.00	45

---

[35] Includes comb clips.

[36] Excludes products for professional use only.

[37] Liquids and sprays only.

Health and Beauty Aids

	1991 TOTAL SALES	GROCERY STORE PERFORMANCE					SUPERMARKET PERFORMANCE				1990 PERFORMANCE			
(add 000 to all dollar figures)	Value of Total Retail Sales (all outlets)[1]	Amount Spent in Grocery Stores[2]	% of Total Store	% Grocery to Total	% Change from '90 to '91 Total	% Change from '90 to '91 Grocery	Amount Spent in Supermarkets	% of Total Supermarket	Dollar Margin	% Margin	Value of Total Retail Sales (all outlets)[1]	Amount Spent in Grocery Stores[2]	% of Total Store	% Grocery to Total
Tablets, Pills, Gum, Lozenges	463,361	221,914	0.06	47.89	6.8	8.0					433,859	205,476	0.06	47
Cold Capsules, Tablets	968,615	522,514	0.15	53.94	11.5	10.5	428,462	0.16	116,542	27.2	868,713	472,864	0.14	54
Cough Medications	1,860,965	377,692	0.11	20.30	35.6	38.7	283,269	0.10	77,616	27.4	1,372,594	272,402	0.08	20
Cough Drops, Lozenges, Troches	447,319	96,471	0.03	21.57	2.4	0.1					436,908	96,379	0.03	22
Cough Drops	270,858	86,269	0.02	31.85	2.7	0.3					263,737	86,011	0.03	33
Lozenges, Troches	176,461	10,202	0.00	5.78	1.9	-1.6					173,171	10,368	0.00	6
Salves, Ointments[38]	61,386	22,543	0.01	36.72	1.6	1.8					60,419	22,144	0.01	37
Syrup, Elixers, Expectorants	604,338	136,614	0.04	22.61	4.2	5.7					579,978	129,247	0.04	22
Other Cough/Cold Remedies[39]	300,603	25,593	0.01	8.51	1.8	3.9					295,288	24,632	0.01	8
Nasal Sprays & Drops	198,533	22,958	0.01	11.56	2.8	-3.2	19,744	0.01	6,140	31.1	193,126	23,717	0.01	12
Analgesics	3,119,373	1,320,096	0.38	42.32	10.9	6.8	1,094,127	0.40	290863.199		2,812,422	1,235,981	0.36	44
Internal Analgesics	2,762,694	1,203,613	0.35	43.57	11.9	6.9	986,963	0.36	259,571	26.3	2,468,978	1,126,254	0.33	46
Arthritic	115,924	38,046	0.01	32.82	7.9	8.4					107,437	35,098	0.01	33
Extra Strength	1,301,000	608,080	0.18	46.74	13.0	7.9					1,151,327	563,559	0.17	49
Menstrual Pain	66,233	31,287	0.01	47.24	0.7	0.9					65,773	31,008	0.01	47
Pediatric	103,673	43,415	0.01	41.88	-4.8	-5.5					108,900	45,941	0.01	42
Regular Strength	858,107	355,433	0.10	41.42	12.6	7.0					762,084	332,180	0.10	44
Sinus	317,758	127,353	0.04	40.08	16.2	7.5					273,458	118,467	0.03	43
External Analgesics	356,679	116,483	0.03	32.66	3.9	6.2	107,164	0.04	31,292	29.2	343,443	109,728	0.03	32
Mouth Analgesics[40]	212,214	72,000	0.02	33.93	5.3	7.8					201,533	66,790	0.02	33
Other External Analgesics	144,465	44,483	0.01	30.79	1.8	3.6					141,910	42,938	0.01	30
Diarrhea Remedies	279,655	166,628	0.05	59.58	17.1	24.6	151,632	0.06	36,998	24.4	238,817	133,730	0.04	56
Hemorrhoidal Medications	238,529	72,280	0.02	30.30	3.7	3.3	65,774	0.02	17,299	26.3	230,071	69,996	0.02	30
Hemorrhoidal Suppositories	140,537	43,852	0.01	31.20	5.4	4.3					133,337	42,044	0.01	32
Hemorrhoidal Ointment	97,992	28,428	0.01	29.01	1.3	1.7					96,734	27,953	0.01	29
Laxatives	750,549	180,120	0.05	24.00	5.8	5.1	151,301	0.06	43,423	28.7	709,403	171,379	0.05	24
Eye Lotions, Washes	171,739	84,135	0.02	48.99	8.4	7.4	69,832	0.03	18,017	25.8	158,431	78,338	0.02	49
Contact Lens Care Products[41]	837,614	204,627	0.06	24.43	-0.7	1.1	165,748	0.06	45,746	27.6	843,519	202,400	0.06	24
Sleeping Aids (Non-Rx)	103,377	44,953	0.01	43.48	13.6	10.8	35,963	0.01	11,292	31.4	91,001	40,572	0.01	45
PERSONAL CLEANLINESS PRODUCTS	**214,242**	**49,752**	**0.01**	**23.22**	**2.2**	**2.3**	**45,172**	**0.02**	**12,984**	**28.7**	**209,668**	**48,638**	**0.01**	**23**
Bath Salts,Tablets,Oils, Bubble Bath	135,325	39,452	0.01	29.15	0.3	1.1	35,902	0.01	10,268	28.6	134,936	39,038	0.01	29
Bubble Bath	80,598	29,432	0.01	36.52	2.5	2.0					78,632	28,855	0.01	37
Other Salts,Oils,Tablets	54,727	10,020	0.00	18.31	-2.8	-1.6					56,303	10,183	0.00	18
Talcum & Body Powder	78,917	10,300	0.00	13.05	5.6	7.3	9,270	0.00	2,716	29.3	74,732	9,599	0.00	13
DEODORANTS, ANTIPERSPIRANTS	**1,334,409**	**734,875**	**0.21**	**55.07**	**3.4**	**2.8**	**654,038**	**0.24**	**173,974**	**26.6**	**1,290,372**	**714,857**	**0.21**	**55**
Stick Deodorants	600,732	359,323	0.10	59.81	4.8	4.2					573,218	344,839	0.10	60
Roll-On Deodorants	346,991	156,243	0.05	45.03	3.8	2.4					334,288	152,581	0.05	46
Feminine Sprays	7,812	3,891	0.00	49.80	-15.3	-10.8					9,223	4,362	0.00	47
Other Aerosols	378,873	215,418	0.06	56.86	1.4	1.1					373,642	213,075	0.06	57
SHAVING PRODUCTS	**2,162,187**	**719,591**	**0.21**	**33.28**	**3.8**	**3.5**	**570,699**	**0.21**	**181,829**	**31.9**	**2,083,493**	**695,143**	**0.21**	**33**
After Shave Lotion	358,975	113,819	0.03	31.71	1.4	0.8	91,056	0.03	30,504	33.5	354,018	112,916	0.03	32
Depilatories	27,759	9,485	0.00	34.17	-1.2	-4.4	7,588	0.00	2,527	33.3	28,096	9,921	0.00	35
Pre-Shave Products	26,817	11,433	0.00	42.63	-5.6	-5.1	9,146	0.00	3,000	32.8	28,407	12,047	0.00	42
Razor Blades	516,242	230,181	0.07	44.59	7.2	5.1	184,145	0.07	54,691	29.7	481,569	219,011	0.06	45
Razors (Handles)	58,694	19,433	0.01	33.11	2.7	1.9	14,769	0.01	5,199	35.2	57,151	19,070	0.01	33
Disposable Razors	354,730	194,079	0.06	54.71	6.3	5.0	151,382	0.06	53,135	35.1	333,706	184,837	0.05	55
Shaving Cream	248,755	104,631	0.03	42.06	1.4	1.9	82,658	0.03	22,979	27.8	245,321	102,680	0.03	42
Men's Cologne	570,216	36,531	0.01	6.41	2.7	5.4	29,956	0.01	9,795	32.7	555,225	34,659	0.01	6
SKIN CARE PRODUCTS	**2,450,298**	**573,106**	**0.17**	**23.39**	**5.4**	**2.8**	**454,058**	**0.17**	**153,658**	**33.8**	**2,323,917**	**557,565**	**0.16**	**24**
Face Cream	909,060	171,216	0.05	18.83	8.1	4.0	343,477	0.13	117,469	34.2	840,944	164,631	0.05	20
Face Lotions & Astringents	151,244	15,797	0.00	10.44	8.0	4.2					140,041	15,160	0.00	11
Hand & Body Lotions	586,097	222,800	0.06	38.01	0.1	0.0					585,512	222,800	0.07	38
Hand Creams	39,273	9,061	0.00	23.07	1.0	1.0					38,884	8,972	0.00	23
Lip Protectors	38,328	12,085	0.00	31.53	-2.4	-0.6	9,064	0.00	3,408	37.6	39,270	12,158	0.00	31
Liquid Face Cleansers	135,424	36,373	0.01	26.86	10.2	8.3	22,187	0.01	7,078	31.9	122,889	33,585	0.01	27
Suntan/Sunscreen Products	590,872	105,774	0.03	17.90	6.2	5.5	79,330	0.03	25,703	32.4	556,376	100,259	0.03	18
VITAMINS & TONICS	**1,691,011**	**656,901**	**0.19**	**38.85**	**3.1**	**3.4**	**538,659**	**0.20**	**214,386**	**39.8**	**1,640,166**	**635,301**	**0.19**	**39**
OTHER HEALTH & BEAUTY AIDS[42]	**2,736,619**	**1,758,924**	**0.51**	**64.27**	**5.1**	**5.3**	**1,213,657**	**0.45**	**373,806**	**30.8**	**2,603,824**	**1,670,393**	**0.36**	**47**
TOTAL HEALTH & BEAUTY AIDS (Non-Rx)	**39,819,890**	**14,695,048**	**4.24**	**36.90**	**5.1**	**7.9**	**11,973,571**	**4.40**	**3,920,235**	**32.7**	***37,887,828**	***13,615,363**	**4.01**	**36**
PRESCRIPTIONS[43]	**31,371,162**	**3,480,916**	**1.00**	**11.10**	**15.1**	**16.0**	**3,480,916**	**1.28**	**1,827,481**	**52.5**	**27,255,571**	**3,000,790**	**0.89**	**11**
TOTAL HBA & PRESCRIPTIONS	**71,191,052**	**18,175,964**	**5.25**	**25.53**	**0.6**	**0.7**	**15,454,487**	**5.68**	**5,747,716**	**37.2**	***70,743.733**	***18,055,879**	**4.89**	**25**

38. Excludes analgesics

39. Includes antihistamines and room decongestants.

40. Includes liquids and salves for use on lips and gums for blisters, teething and tooth pain, and canker sores.

41. Includes solutions, cleaning kits, tablets and cases.

42. Includes vaporizers, humidifiers and other health aid appliances, convalescent aids, home diagnostic tests, women's fragrances, etc.

43. Excludes sales through hospitals.

General Merchandise

(add 000 to all dollar figures)	1991 TOTAL SALES: Value of Total Retail Sales (all outlets)[1]	GROCERY STORE PERFORMANCE: Amount Spent in Grocery Stores[2]	% of Total Store	% Grocery to Total	% Change from '90 to '91: Total	% Change from '90 to '91: Grocery	SUPERMARKET PERFORMANCE: Amount Spent in Supermarkets	% of Total Supermarket	Dollar Margin	% Margin	1990 PERFORMANCE: Value of Total Retail Sales (all outlets)[1]	Amount Spent in Grocery Stores[2]	% of Total Store	% Grocery to Total
AUDIO & VIDEO	**13,442,811**	**1,462,485**	**0.42**	**NC**	**11.6**	**9.9**	**1,038,364**	**0.38**	**406,000**	**39.1**	***12,046,108**	***1,331,334**	**0.32**	**NC**
Records,Tapes,Compact Disks [44]	3,803,124	280,992	0.08	7	5.1	3.6					3,618,577	271,228	0.08	7
Blank Audio Cassettes	555,864	15,673	0.00	3	6.0	5.1					524,400	14,912	0.00	3
Blank Video Cassettes	1,682,299	130,032	0.04	8	2.5	4.9					1,641,268	123,958	0.04	8
Video Cassette Rentals [45]	7,401,523	845,000	0.24	11	18.2	16.0					**6,261,864	**728,448	0.19	13
Video Cassette Sales	ND	190,788	0.06	NC	ND	57.4					ND	190,788	0.19	NC
AUTO SUPPLIES	**2,599,103**	**757,400**	**0.22**	**29**	**9.5**	**7.1**	**666,512**	**0.24**	**177,292**	**26.6**	**2,374,556**	**707,088**	**0.21**	**30**
Antifreeze	784,277	206,803	0.06	26	20.0	16.2					653,564	177,972	0.05	27
Automobile Polish	141,761	66,407	0.02	47	1.9	0.8					139,118	65,880	0.02	47
Automotive Additives	190,741	63,601	0.02	33	2.5	2.1					186,088	62,293	0.02	33
Motor Oil	1,482,324	420,589	0.12	28	6.2	4.9					1,395,785	400,942	0.12	29
ELECTRICAL APPLIANCES [46]	**ND**	**236,389**	**0.07**	**NC**	**—**	**-2.3**	**219,841**	**0.08**	**69,470**	**31.6**	**ND**	**241,953**	**0.07**	**NC**
FLASHLIGHTS & BATTERIES	**3,507,375**	**586,042**	**0.17**	**17**	**1.7**	**-1.4**	**521,577**	**0.19**	**216,976**	**41.6**	**3,447,567**	**594,136**	**0.18**	**17**
Batteries	3,099,646	546,026	0.16	18	1.7	-1.6					3,047,833	554,905	0.16	18
Flashlights	407,729	40,016	0.01	10	2.0	2.0					399,734	39,231	0.01	10
GREETING CARDS	**5,272,627**	**702,927**	**0.20**	**13**	**6.7**	**5.9**	**681,840**	**0.25**	**336,829**	**49.4**	**4,941,544**	**663,765**	**0.20**	**13**
HARDWARE [47]	**ND**	**279,613**	**0.08**	**NC**	**—**	**2.1**	**271,225**	**0.10**	**98,183**	**36.2**	**ND**	**273,862**	**0.08**	**NC**
HOUSEWARES	**5,697,999**	**1,400,546**	**0.40**	**NC**	**3.2**	**5.1**	**2,052,844**	**0.75**	**936,097**	**45.6**	****5,522,918**	****1,332,759**	**0.39**	**NC**
Bakeware	1,732,120	155,489	0.04	9	1.1	1.5					1,713,274	153,191	0.05	9
Barbecue Grills	708,594	4,741	0.00	1	2.0	1.0					694,700	4,694	0.00	1
Beverageware	501,565	75,491	0.02	15	5.1	2.2					477,227	73,866	0.02	15
Cutlery	808,153	74,060	0.02	9	7.6	5.1					751,071	70,467	0.02	9
Food Preparation Glassware	561,977	70,919	0.02	13	3.0	-0.9					545,608	71,563	0.02	13
Kitchen Towels	123,860	18,860	0.01	15	10.0	15.0					**112,600	**16,400	0.00	14
Kitchen Utensils/Gadgets	ND	256,017	0.07	NC	—	6.9					ND	239,492	0.07	NC
Microwave Cookware	ND	70,816	0.02	NC	—	2.3					ND	69,224	0.02	NC
Ornamental & Novelty Glassware	194,504	7,842	0.00	4	7.0	2.0					181,780	7,688	0.00	4
Plastic & Rubberware	ND	542,607	0.16	NC	—	7.7					ND	503,814	0.15	NC
Pots & Pans	859,075	82,799	0.02	10	1.6	0.9					845,546	82,060	0.02	10
Tableware	208,151	40,903	0.01	20	3.5	1.5					201,112	40,2[illegible]	0.01	20
OTHER HOUSEWARES [48]	**ND**	**715,789**	**0.21**	**NC**	**—**	**0.0**					**ND**	**715,7[illegible]**	**0.21**	**NC**
PERIODICALS	**12,127,401**	**2,237,993**	**0.65**	**18**	**1.8**	**6.8**	**1,812,774**	**0.67**	**520,266**	**28.7**	**11,910,[illegible]**	**2,095,[illegible]**	**0.62**	**18**
Children's Story Books	618,055	161,252	0.05	26	7.2	7.2					[illegible]	150,421	0.04	26
Coloring Books	251,654	34,745	0.01	14	4.7	5.6					[illegible]	32,903	0.01	14
Comics	159,072	43,555	0.01	27	10.2	2.7					[illegible]	42,410	0.01	29
Magazines [49]	2,974,238	1,775,361	0.51	60	2.1	[illegible]					2,9[illegible]3,063	1,643,852	0.49	56
Newspapers [50]	6,284,689	75,416	0.02	1	2.2	0.0					6,149,402	75,416	0.02	1
Paperback Books	1,839,694	147,664	0.04	8	-2.5	-2.1					1,8[illegible]5	150,832	0.04	8
OTHER MERCHANDISE	**5,325,787**	**630,873**	**0.18**	**NC**	**5.1**	**2.0**	**492,449**	**0.18**	**234,493**	**47.6**	**5,067,041**	**618,648**	**0.18**	**NC**
Disposable Cigarette Lighters	335,468	138,425	0.04	41	-3.0	-5.0	1[illegible]2,124	0.04	54,044	48.2	345,844	145,710	0.04	42
Garden Seed Packets	123,950	60,898	0.02	49	10.0	0.2	54,809	0.02	28,994	52.9	112,682	60,777	0.02	54
Playing Cards	251,932	40,048	0.01	16	3.1	2.3	23,228	0.01	10,383	44.7	244,357	39,148	0.01	16
Road Salt & Ice Pellets	ND	23,103	0.01	NC	—	3.1	18,713	0.01	7,467	39.9	ND	22,408	0.01	NC
Sewing Notions	1,839,577	72,108	0.02	4	2.9	3.1	59,850	0.02	28,249	47.2	1,787,732	69,940	0.02	4
Shoe Laces	85,261	43,898	0.01	51	7.3	7.1	26,778	0.01	8,649	32.3	79,460	40,988	0.01	52
Sunglasses	2,123,215	165,554	0.05	8	8.6	5.3	127,477	0.05	70,240	55.1	1,955,078	157,222	0.05	8
Vacuum Bottles & Jugs	566,384	86,838	0.03	15	4.4	5.3	69,471	0.03	26,468	38.1	542,488	82,456	0.02	15
Picnic Jugs	180,577	31,212	0.01	17	9.8	10.2					164,460	28,323	0.01	17
Vacuum Bottles	306,569	37,765	0.01	12	1.3	1.6					302,635	37,170	0.01	12
Lunch Boxes	79,238	17,862	0.01	23	5.1	5.3					75,393	16,963	0.01	22
PET ACCESSORIES [51]	**1,950,715**	**512,511**	**0.15**	**26**	**7.8**	**7.5**	**497,136**	**0.18**	**226,197**	**45.5**	**1,808,867**	**476,784**	**0.14**	**26**
Cage-Bird Food	54,835	28,838	0.01	53	5.1	3.0					52,174	27,998	0.01	54
Pet Grooming Aids	83,472	16,557	0.00	20	8.1	6.3					77,217	15,576	0.00	20
Feeding Bowls	15,287	4,054	0.00	27	6.5	7.2					14,354	3,782	0.00	26

---

44. Includes LP's, EP's, 45's, cassettes and CD's.

45. Does not include sales of pre-recorded video cassettes, or rentals of video cassette equipment.

46. Includes all electrical appliances other than health aid appliances. Also includes personal and home electronics.

47. Includes non-electric tools, fasteners, paint supplies (not paint) and wiring devices.

48. Includes bar accessories, plastic items, potholders, oven mitts, etc.

49. Does not include subscription sales.

50. Includes sales from all outlets, including subscription and home delivery.

51. Excludes dog and cat foods and cat litter which are listed under Dry Grocery Nonfood. Incudes all other accessories not listed.

— Not Available
ND Not Determined

General Merchandise

1991 TOTAL SALES		GROCERY STORE PERFORMANCE					SUPERMARKET PERFORMANCE				1990 PERFORMANCE			
(add 000 to all dollar figures)	Value of Total Retail Sales (all outlets)[1]	Amount Spent in Grocery Stores[2]	% of Total Store	% Grocery to Total	% Change from '90 to '91 Total	% Change from '90 to '91 Grocery	Amount Spent in Supermarkets	% of Total Supermarket	Dollar Margin	% Margin	Value of Total Retail Sales (all outlets)[1]	Amount Spent in Grocery Stores[2]	% of Total Store	% Grocery to Total
Flea Collars	245,593	177,496	0.05	72	8.1	8.7					227,191	163,290	0.05	72
Other Pet Accessories	1,551,528	285,566	0.08	18	7.9	7.3					1,437,931	266,138	0.08	19
PHOTO SUPPLIES & PROCESSING	**9,786,184**	**1,804,608**	**0.52**	**18**	**-0.5**	**-0.8**	1,660,240	0.61	371,894	22.4	**9,833,102**	**1,818,305**	**0.43**	**15**
Film	3,003,898	858,065	0.25	29	-2.4	-3.2					3,077,764	886,431	0.26	29
Processing	5,143,815	835,392	0.24	16	-0.3	1.2					5,159,292	**825,486	0.13	9
Flash Bulbs & Cubes	61,681	15,986	0.00	26	1.6	-0.7					60,710	16,098	0.00	27
Still Cameras[52]	1,576,791	95,165	0.03	6	2.7	5.4					1,535,336	90,290	0.03	6
STATIONERY	**910,473**	**180,067**	**0.05**	**20**	**5.2**	**5.6**	158,459	0.06	65,126	41.1	**865,129**	**170,438**	**0.05**	**20**
Looseleaf Fillers	248,111	25,061	0.01	10	6.0	4.6					234,067	23,959	0.01	10
Notebooks	163,677	25,389	0.01	16	7.1	4.1					152,826	24,389	0.01	16
Packaged Paper & Envelopes	119,860	35,691	0.01	30	4.2	6.6					115,029	33,482	0.01	29
Writing Tablets,Pads	378,825	93,924	0.03	25	4.3	6.0					363,207	88,608	0.03	24
TOYS	**14,768,059**	**325,119**	**0.09**	**2**	**3.5**	**5.0**	**273,100**	**0.10**	**108,967**	**39.9**	**14,268,656**	**309,637**	**0.09**	**2**
UNDERWEAR & HOSIERY	**6,269,114**	**1,060,664**	**0.31**	**NC**	**1.3**	**-0.9**	**922,680**	**0.34**	**409,510**	**44.4**	**6,186,143**	**1,070,124**	**0.32**	**NC**
Men's & Boy's Underwear	ND	158,224	0.05	NC	—	9.2	139,237	0.05	50,404	36.2	ND	144,894	0.04	NC
Men's Hosiery	2,344,261	83,991	0.02	4	-11.3	10.2	71,393	0.03	30,770	43.1	2,106,254	76,217	0.02	4
Panty Hose/Stockings	3,924,853	818,448	0.24	21	-3.8	-3.6	712,050	0.26	264,171	37.1	4,079,889	849,013	0.25	21
WRITING IMPLEMENTS	**1,159,273**	**133,907**	**0.04**	**12**	**7.7**	**8.0**	129,890	0.05	64,166	49.4	1,076,553	**123,995**	**0.04**	12
Ball & Fountain Pens	463,040	60,374	0.02	13	8.2	8.5					427,948	55,644	0.02	13
Ballpoint Refills	57,832	5,015	0.00	9	0.8	0.3					57,373	5,000	0.00	9
Broad Tip Markers	122,479	9,509	0.00	8	4.8	5.9					116,870	8,979	0.00	8
Fine Line Porous Pens	364,700	45,778	0.01	13	10.3	9.8					330,643	41,693	0.01	13
Mechanical Pencils	56,212	8,750	0.00	16	2.5	3.0					54,841	8,495	0.00	15
Woodcased Pencils	95,012	4,481	0.00	5	6.9	7.1					88,879	4,184	0.00	5
GENERAL MERCHANDISE NCE[53]	**ND**	**1,499,532**	**0.43**	**NC**	—	**8.7**	**1,484,536**	**0.55**	**528,495**	**35.6**	**ND**	**1,379,514**	**0.37**	**NC**
TOTAL GENERAL MERCHANDISE	**ND**	**14,526,465**	**4.19**	**NC**	—	**5.2**	**12,883,468**	**4.73**	**4,769,963**	**37.0**	**ND**	***13,813,966**	**3.89**	**NC**
TOTAL FOODS, NONFOODS	**ND**	**346,271,873**	**99.93**	**NC**	—	**4.0**	**271,620,841**	**99.79**	**66,925,841 +**	**24.6 +**	**ND**	***333,068,070**	**98.29**	**NC**
SALES NCE[54]	**ND**	**259,127**	**0.07**	**NC**	—	**-95.6**	**168,433**	**0.06**	**59,962**	**35.6**	**ND**	**5,919,432**	**1.75**	**NC**
GRAND TOTAL	**ND**	**346,531,000**	**100.00**	**NC**	—	**2.3**	**271,789,274**	**99.85**	**66,985,803**	**24.6**	**ND**	**338,857,000**	**100.00**	**NC**

52. Includes disc, cartridge and 35mm still cameras

53. Includes clothing not listed, clocks, watches, scales, garbage cans (metal and rubber), automotive supplies not listed, snow shovels, garden tools and supplies, furniture, etc.

54. Includes sales of items not listed above from all store departments.

— Not available

+ Margin based on total excluding prescriptions.

ND Not determined.

NC Not comparable.

NCE Not classified elsewhere.

Baby Food

Not content to merely crawl along, baby food suppliers are stepping up with new lines of "toddler" foods, combining better nutrition with compelling flavor varieties—and grown-up margins to match.

Baby product manufacturers continue to bask in the "echo boom." Thanks to the baby boom generation, the annual U.S. birthrate has leveled off at a hardy four million and is expected to remain there through the end of the decade.

Guaranteed a steady population, suppliers of baby foods and other related products are carving out new, more profitable markets—in an effort to build on the old standards, and extend consumer interest well into the toddler years. In the baby food market, the goal is to offer convenience products that boast the same nutritional value as old-fashioned home cooking.

A wave of intros

Industry-leading Gerber (Fremont, Mich.), has unleashed several product innovations over the past year. Most recently, the company is solidifying its position in the toddler market with a 23-item "category" for 10 to 30-month- olds, called Gerber Graduates. The new line extends Gerber's existing Graduate products with seven finger foods, five finger snacks, several juices and seven microwaveable main dishes.

Not only does the Gerber Graduate line address the changing eating habits of the toddler—i.e., the inclusion of finger foods—it also provides more of the nutrients that are vital to this age group, according to a company spokesperson.

Indeed, nutrition remains the leading consideration in baby product development and marketing. Earth's Best (Middlebury, Vt.) added a new dimension to the baby food industry five years ago with its introduction of organic foods. Since then, the Department of Agriculture (USDA) has conferred official "organic" labeling on Earth's Best products, certifying that the items' ingredients have not been treated with chemicals or pesticides for at least three years.

Premium pays

Michael Rice, vice president of marketing for Earth's Best, noted that the company's appearance on the market nudged the industry toward more premium baby food lines, which incidentally offer retailers better profitability. Since then, Earth's Best's original eight-item roster has swelled to 41, including the recent introduction of eight new dinner and breakfast selections.

Although not yet marketing nationally, the company is carefully building distribution, said Rice, in order to maintain its very loyal following. It has developed a strong presence in some major markets such as San Francisco, he said.

But the big guys have begun moving in on the organic baby food market. In the past year, Beech Nut (St. Louis, Mo.) rolled out its "Special Harvest" line of organic products to a receptive market, according to a company representative, who added that expansion of the line is forthcoming.

In another apparent response to health-conscious parents, Beech Nut celebrated springtime with the introduction of "Baby's First Spring Water." Available in four- packs or in a one-liter bottle, the water contains fluoride, generally believed to be an early key to the development of healthy teeth.

Table Time for toddlers

Beech Nut's attempt to entice the toddler population is its Table Time line, introduced in 1991. The four varieties of dinners for the one to four-year-old crowd contain less salt than traditional baby foods and, like Gerber's Graduates, can be popped into the microwave by parents—or by the sitter or day care center, if need be.

Another recent twist in this arena is the advent of demographic niche market-

DEBBIE TILLEY

45th ANNUAL CONSUMER EXPENDITURES STUDY

Baby Food

ing, as evidenced by the introduction last year of Gerber's Tropical. Originally geared to the Hispanic market, the assortment features juices, cereals, dinners and desserts made with ingredients popular in that population segment.

According to the company, the products were so well-received this year that Gerber has decided to expand distribution nationally. The ingredients used in the Tropical line—mangoes, papayas, beans and rice, for example—have evidently broadened the appeal of the products beyond the original target group, because of their nutritional value and interesting flavor combinations.

Fraught with flavors

In general, supermarket baby food aisles house an exhaustive array of flavor combinations in virtually every category. Manufacturers' ongoing attempts to refine product lines to suit the pickiest parents has resulted in everything from Gerber's fruit & vegetable juices, which the company hails as the first juices for babies fortified with Vitamin A, to unusual flavor varieties—such as peas and brown rice—that previously were the hallmark of smaller firms, such as Earth's Best.

Baby's Soups, shelf stable juice concentrates and two-ingredient Simple Recipe Dinners, all from Gerber, are now making their way to supermarkets across the country. If this latest wave of new products is any indication, the future holds no let-up in what amounts to a more gourmet-styled product selection for the youngest palates—and higher margins for producers and retailers alike.

Quick change capabilities

The disposable diaper giants are equally determined to make life easier for today's generation of quick-change artists. Both Procter & Gamble (Cincinnati) and Kimberly- Clark (Dallas) are in the throes of introducing an even drier, thinner, and better fitting diaper to the market this year. Procter's Ultra Dry Pampers and Ultra Dry Luvs Phases, and Kimberly-Clark's Huggies UltraTrim diapers all feature new fiber technology that promises to protect youngsters— and their clothing—under the wettest of conditions.

Since its origin in 1961 with Procter's Pampers breakthrough, the disposable diaper market has undergone a continuous series of improvements and variations. Disposables now account for 85 percent of the diaper market and, according to CONSUMER REPORTS, Americans are estimated to buy roughly 16 billion disposables annually, three-quarters of which are either Pampers, Luvs or Huggies.

In the late '80s, gender diapers captured the market's attention as manufacturers trimmed their packages to suit retailer shelf space demands and consumer preferences. In the midst of those innovations, environmentalist pressure against disposables gained momentum, only to subside as consumers came to grips with the biodegradability issue.

A new environment

According to Kimberly-Clark's spokesperson, "The environmental issue is pretty well understood today. Consumers know there's a trade-off with any product." Procter's representative agrees. "There are lots of negatives with cloth diapers too," she remarked, adding the claim that less than two percent of landfill capacity is taken up by disposable diapers.

Still, the latest ultra-dry products are being developed with the environment in mind. Kimberly- Clark's improved Huggies introduction announcement this June emphasized that its new diaper "requires 20 percent less material than a current diaper," noting that source reduction is a key objective of the Environmental Protection Agency.

Kimberly-Clark has also made news with its Pull-Ups disposable training pants, the only such product on the market. According to the company, Pull-Ups continue to attract new buyers and now constitute a $300 million market.

Weyerhaeuser Company, the leading manufacturer of private label infant diapers in the U.S. and Canada, proposed an initial public offering this summer for its newly formed company, Paragon Trade Brands. According to Weyerhaeuser, Paragon will take over the company's infant diaper business which includes both quality and economy lines.

In addition to baby food and disposable diapers, such baby care items as pacifiers, playthings and breast feeding accessories are showing up in increasing quantity in supermarkets.

If this latest wave of new products is any indication, the future holds no let-up in what amounts to a more gourmet-styled product selection for the youngest palates—and higher margins for producers and retailers alike.

Gerber recently introduced a new color-coded product identification system as part of a campaign to promote its baby accessory line. And to cater to what must be the ultimate in upscale upstarts, the company has added pizazz to its pacifiers and nurser lines with a new Gem Collection of items tinted in jewel colors.

Getting it all

For mothers, the added convenience of picking up a bottle, pacifier, or even a clothing article while shopping for the week's necessities is good news. For supermarkets, this type of product expansion is yet another way of grabbing higher profits in what has traditionally been a slim- margin category.

■ Moira Madonia

Bakery

With the penetration of instore bakeries still on the upswing in 1991, sales gains defied the recession's grip. Retailers hope the department will hold its own when new development levels off.

Retailers had good reason to think instore bakery sales would be a casualty of shopper frugality in 1991, with consumers already demonstrating a trade-down tenor heading in ... but the year turned out to be a pleasant surprise.

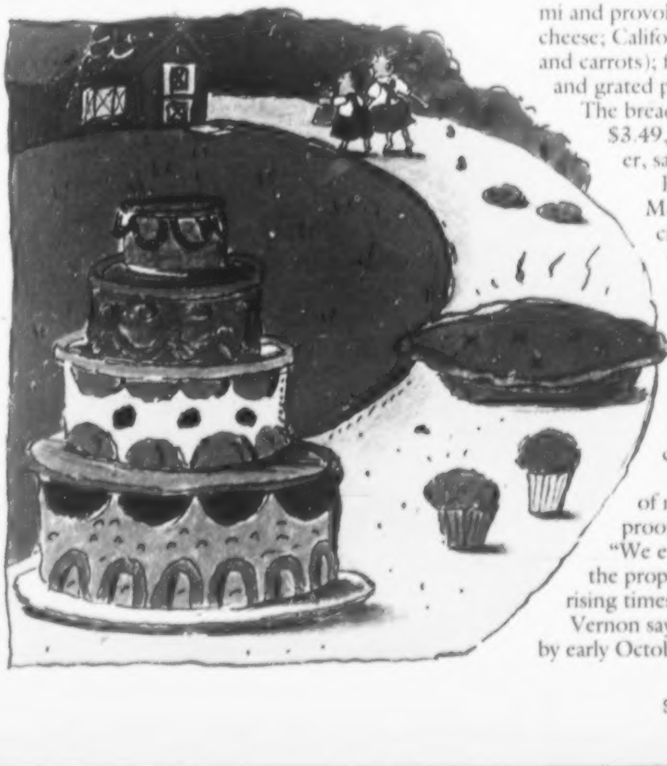
Unlike the more mature deli department, penetration of instore bakery sections in supermarkets remained on the upswing last year, resulting in some 700 new departments in supermarkets across the country, the biggest yearly development spurt since 1988.

Correspondingly, the volume increase—11.2 percent to a total of $7.9 billion, according to SUPERMARKET BUSINESS's 1992 CES—was also the department's best in three years.

Better still, a closer analysis of instore bakery performance, as reported in our Bakery Operations Review (see SUPERMARKET BUSINESS, April 1992, page 45), shows that the growth was not *exclusively* the product of more departments.

On a store-by-store basis, 1991 bakery department sales averaged $7,117 per week, up 7.5 percent from the 1990 average of $6,617, with the vast majority of operators (88 percent) reporting higher sales. Only six percent of respondents to that survey said their departments lost sales in 1991.

On the merchandise side of the departmental ledger, a proliferation of new, "more healthful" baked products emerged last year, and most players and observers expect that trend to continue.



DEBBIE TILLEY

"The U.S. Department of Agriculture (USDA) says that the greatest amount of foods consumed should be cereal-type grains," says Mike Jones, vice president of Dawn Foods, Jackson, Mich. As a result, he sees breads, and particularly specialty breads, as playing a growing role in instore bakery merchandising.

To capitalize on what the company hopes will, in fact, be a major trend, Dawn recently introduced a new bread line called "Baker's Advantage." Says Jones, "It's basically a user-friendly line of bread mixes and bases that comes packed with measuring utensils. All a baker has to do is fill the contents of the package to the line located on the measuring utensil and add water if it's a mix, or flour and water if it's a base."

What crust

Roche Bros. Supermarkets, Wellesley Hills, Mass., has also found success with a new crusty bread product called "Chip Block," distributed by Country Home Bakers, Bridgeport, Conn. The product is made from bread dough that has tidbits of meat, cheese, or vegetable cut into it, similar to Italian foccaccia. The dough is chopped on a butcher block, in view of department customers, and baked right there.

Roche Bros. offers five varieties of the bread: salami and provolone cheese; mushroom, spinach and cheese; California vegetable (broccoli, cauliflower, and carrots); foccaccia (olive oil, Italian seasonings, and grated parmesan cheese), and jalapeno cheese. The bread, shaped like a flat disk, sells for $3.49, and Peter Dumas, bakery merchandiser, says sales have been good.

Russ Vernon, owner of West Point Market, Akron, Ohio, has taken the specialty-bread concept one step further by starting the West Point Bread Company. "I visited Washington, D.C., in April, and I saw four bakeries with customers lined up in the streets waiting to get in," Vernon recalls. The bakeries featured specialty breads, and Vernon knew the concept would go over well with his health-conscious customers.

"We installed about $35,000 worth of new equipment, including ovens, proofers, and retarders," Vernon notes. "We even hired a bread chemist who knows the proper sugar and yeast combinations and rising times involved in bread-making."

Vernon says the company will be up and running by early October, and among the specialty breads

Bakery

that will be featured are rosemary, sun-dried tomato, country, and various filled breads. "The message we want to send is that bread is healthy and can be a meal by itself," Vernon adds.

Jonathan Warmund, product manager for Fleischmann's Yeast Co., Alameda, Calif., reports that specialty breads are especially popular on the West Coast. Big sellers in California include herb and spice varieties. "A lot of stores have played an important role in at least getting shoppers to taste some of the specialty breads through in-store sampling," he said.

Sales of frozen muffin batter and pre-baked frozen muffins have increased substantially during the past year. "We've already seen double- digit increases in our sales to supermarkets, and we expect the growth to continue."

One of those stores is G&G Supermarket, Santa Rosa, Calif. "Sampling has definitely helped our operation," notes co-owner Lee Gong. Among G&G's specialty breads posting sales increases as a result of instore sampling are seven-grain and wheat with nuts.

Gong also points out that many singles and senior citizens are buying smaller loaves of bread, or what he calls "semi-loaves."

On the sweeter side, the pie sub- category showed significant growth in 1991 thanks to new fruit combinations, special pricing, and downsizing.

Some retailers, such as Tampa, Fla.-base Kash n' Karry, noted substantial sales increases when standard 10-inch pie sizes were scrapped in favor of smaller and lower-priced eight-inch sizes.

Ann Pinchera, director of perishables merchandising at Farm Fresh Supermarkets, Norfolk, Va., reported that four-inch mini pies did exceptionally well in her stores. She added that packaging two different flavors, such as blueberry and apple or blueberry and cherry, also proved to be an effective merchandising gambit.

Going "topless"

Rich Products, Buffalo, N.Y., rolled out a new line of "topless" pies as part of its cream pie program. "The pies are already baked with cream filling," said Judy Striegle, senior product manager. "Operators merely have to thaw and top them, and that's it." The firm's new line includes coconut, chocolate, lemon, banana, key lime, and peanut butter.

To expand its presence in the instore bakery segment, and keep abreast of the trend toward convenience offered by frozen products, Pillsbury recently acquired the frozen products division of McGlynn Bakeries, Eden Prairie, Minn.

McGlynn's frozen products include a line of batters, frozen dough, and pre-baked products, including Danish, puff pastry, muffins, and cookies.

"The convenience of having frozen bakery products available gives retailers the opportunity to have consistency every day," says Mike McGlynn, vice president and general manager of instore and retail bakery. In addition, he emphasized the tremendous labor- saving benefits inherent in frozen products.

McGlynn noted that sales of frozen muffin batter and pre-baked frozen muffins have increased substantially during the past year. "We've already seen double- digit increases in our sales to supermarkets, and we expect the growth to continue," he says.

The company recently rolled out a line of frozen scone mixes, including pineapple, raisin, and lemon-poppy seed.

While some industry observers feel the boom demand for low-fat, low cholesterol, and low-sugar items has leveled off, others feel the types of products worked into bakery assortments in response to those concerns have substantially improved their appeal.

"For one thing, the trend has definitely brought a lot more traffic into our bakeries," notes Lucy Sposito, bakery-deli merchandiser for Rouse's Supermarket, Thibodaux, La.

Jones of Dawn Foods says angel food cakes have done exceptionally well because of their fat-free content. To enhance variety, the company recently unveiled a new line of flavored angel cakes, including strawberry, orange, chocolate, and lemon. "These are complete mixes," Jones adds. "All you have to do is add water."

But indulgence remains a major motivator of bakery sales. As Rouse's Sposito points out, "the fattening stuff still accounts for our largest sales."

A popular item among Rouse's six stores is tart-a-la bouille, which is a French custard. "It's used as a cake filling, and it's selling like crazy," Sposito says. Such cake varieties as red velvet, German chocolate, and Oreo delight are also big sellers, she says.

Brownie mail

Vernon of West Point Market says that his store's locally-renowned variety of brownies—which bear such outrageous monickers as killer brownies, chocolate raspberry suicides, peanut butter krazies, and twisted sisters—have been selling like hotcakes. In fact, they've been in such high demand that Vernon has also made them available through a mail- order catalog. "We've received orders from all 50 states, as well as from Denmark, Germany, and Saudi Arabia," he says.

Some retailers have brought the well-known Mrs. Fields lines into their stores. In its Scottsdale, Ariz. store, Smith's Food & Drug Centers, Salt Lake City, recently set up a Mrs. Fields Mini-Cookie Store; a freestanding, portable unit, designed for baking and merchandising Mrs. Fields cookies, brownies, and muffins. The section carries at least eight varieties of cookies and four varieties of both brownies and muffins every day.

■ **Richard Petreycik**

Beer & Wine

It's a brew-tal battle out there, as beer marketers strive to restart a category that went flat in 1991, thanks to tax increases, the Gulf War, and recession.

For the beer industry, it was a year that will live in infamy. In grocery stores, beer sales were up 1.3 percent in dollars, thanks in large part to a 3.5-percent price rise. But U.S. brewers were down five million barrels...every one of which is worth some $180 at retail.

Overall, the U.S. beer market dropped a painful 2.4 percent, to 188.5 million barrels, according to Impact's U.S. beer study.

What happened? Several things. The year started with a doubling of the excise tax. Anticipating the increase that took effect January 1, 1991, distributors and retailers stocked up on inventory...a ploy that reflected itself as depressed first-quarter sales.

Even before that, the 1990 Operation Desert Shield build-up of U.S. troops in the Persian Gulf had sent over half a million of beer's key consumer group overseas. By the time the war was over and the troops recalled, some 600,000 had spent nearly a year in the Middle East.

Beer continued to be the target of stepped-up anti-alcohol efforts.

And for the first time, beer proved not to be recession-proof. Premium beers went flat. Sales of pricey imports plummeted. Meanwhile, "popular"—which is to say, lower-priced—brands made significant sales gains.

Even the "King of Beers," Anheuser-Busch's Budweiser, suffered the indignity of watching its sales decline 5.2 percent, according to Beer Marketer's Insights. If accurate, this figure was the largest drop in Bud's history. Budweiser's market share dropped less precipitously, off .8 percent to 47.2 million barrels and a 24.2 percent market share.

DEBBIE TILLEY

The only consolation was that Bud's key rival, Miller Lite, was off, too—with a market share of 9.7 percent, its 19 million barrels represented a 4.5 percent decline.

A bright spot was the country's fourth-largest brand, Anheuser's 12.4-million-barrel Bud Light, which posted a 5.1-percent rise in shipments. But suffering from a transfer of marketing dollars to other brands, Bud Dry, introduced with much fanfare several years ago, was off 6.5 percent to 2.9 million barrels.

The Number Three brewer's namesake brand, Coors, fell 19.5 percent to 3.5 million barrels and Number 11 on the charts. Fortunately for the folks in Golden, Colo., the continued growth of their Coors Light, tied for the Number Three slot on the charts with Bud Light, posted a 4.9 percent increase.

This year, under intense pressure and with every share point worth some $350 million, the brewers were prepared to battle for every increment of advantage. Last month, tension erupted into a court fight over water ... specifically, the Virginia water Coors adds to the concentrated brew it ships East.

The battle was joined when Anheuser-Busch launched an advertising campaign attacking Coors for mixing "local water" from Virginia with the Rocky Mountain spring water...the water on which Coors has for years hung its "quality" hat. Indeed, central to the mystique that developed around Coors in the early Seventies was the Rocky Mountain water that flowed through Golden, Colorado and into its hometown brew.

But without Eastern breweries when it decided to go East, Coors held shipping costs down by transporting a higher-alcohol beer to Virginia in railroad tank cars, where it added water before packaging.

Cleverly, Anheuser-Busch avoided besmirching the Bud name by keeping it out of the negative-ad fray. Instead, Natural Light, currently the 10th largest beer

Beer & Wine

brand with a 2.3-percent share, chucked the spear. In commercials featuring a "stamp-out" slash in a circle over a Coors railroad tanker, Anheuser concludes: "So drink the fresh cold Natural Light—and don't be railroaded."

Coors responded by filing suit in early August in Federal District Court in New York City, demanding the ads be stopped on the basis of being false and misleading, and seeking at least $10 million in damages.

On August 15, Anheuser-Busch filed a countersuit against Coors seeking to enjoin it from using Rocky Mountain imagery in any of its ads. In court papers filed in Manhattan, the St. Louis-based brewer alleged that Coors's ads are "false." It sought to permanently enjoin Coors from using descriptors such as "Rocky Mountain legend," "fresh from the Rockies taste," and "the right water ... makes a mountain of difference" in advertising for any of its products.

The 1990 Operation Desert Shield build-up of U.S. troops in the Persian Gulf sent over half a million of beer's key consumer group overseas. By the time Desert Storm was over and the troops recalled, some 600,000 had spent nearly a year in the hot, dry desert of the Middle East.

Adding water is a common industry practice that doesn't in fact affect the character of the beer—which is determined by the yeast, barley malt and hops. But by making Rocky Mountain water a marketing issue and then adding water that wasn't, Coors shot itself in the foot, the court ultimately ruled. A temporary restraining order against Anheuser-Busch was lifted on August 19, as Federal Judge Michael B. Mukasey ruled that Coors could not stop Anheuser from "hoisting Coors by its own petard.

"Plaintiff has promoted its beers, including Coors Light, as the 'taste of the Rockies' based on use of the water from the Rocky Mountains," he noted, "and had advertised for years that Coors tasted better than other beers because Coors beers are made from Rocky Mountain water."

At presstime, Coors was planning to appeal the ruling. But even if it wins, for Coors it may be a Pyrrhic victory. Industry observers note that the whole sordid affair quite possibly has tarnished the image of Coors Light sufficiently that a whole new positioning and marketing approach may now be required.

The beer/wine industry as a whole, stung by the lingering effects of recession, the excise tax hike and continuing pressure to reduce underage drinking and drunk driving, has stepped up new product introductions in the light and no-alcohol segments especially.

"It's a small but quickly growing part of the business," says a Northeast retailer. "And as long as MADD (Mothers Against Drunk Driving) and local police departments keep up their strong anti-drinking activities and enforcement, it'll continue to grow. You can't go out on a weekend night around here without passing at least one DWI checkpoint. And consumers are responding to that."

But just how much growth potential exists is anyone's guess. While generally embracing the trend, many buyers exhibited caution because of the spate of introductions, their fears of overassorting and concerns that the trend is still in its early stages.

Most of those gains belonged to nonalcohol leaders Miller, and its Sharp's brand, along with Anheuser-Busch's O'Doul's. But following a spate of non-alcohol introductions this year by all the major brewers, those share figures are likely to change.

"The category may be flat, but we're growing every year," said John Perez, buyer for Johnson's Markets, Los Angeles. "We've found that it takes constant merchandising attention and promotion and we've been doing that especially with 12-packs and suitcases."

Perez noted that many of the Mexican beers are popular in his trade area in addition to those from the major breweries. And, he's seen continued growth in the nonalcohol segment.

"When they first came out, they weren't as popular or as good," he said. "But now they're a lot better."

Price segmentation is also continuing as an issue. Many buyers indicated that while sales in premium beers were flat, the sub-premiums were showing some healthy growth.

"Our customers have become very price conscious and we're finding a lot of folks switching to the less expensive beers and buying the 12-packs or suitcases," said the beer buyer for a Southern chain.

But if the stores were the front lines, the brewers themselves engaged in frenzied introductions, promotions and advertising programs during the past year. And it's showing no signs of letting up.

Anheuser-Busch, which has a controlling lead in market share, is currently rumored to be readying an introduction a new product, possibly a draft entry linked to Budweiser.

If true, that would come on the heels of its other introductions and tests of three new brands. Natural Pilsner was introduced into several states in the Southwest, Midwest and Southeast. It also rolled out Michelob Golden Draft and Michelob Golden Draft Light.

In the meantime, Busch Cold Filtered Light Draft claimed a 45-percent sales gain in supermarkets.

For its part, Miller Brewing is said to be preparing the introduction of yet another nonalcoholic brew to join Sharp's, a market leader in the segment.

The company also continued

45th ANNUAL CONSUMER EXPENDITURES STUDY

Beer & Wine

to promote Sharp's over the summer with two major tie-ins. An FSI newspaper ad hit 54 million homes, according to the company, along with a consumer sweepstakes and rebates.

Overall, the company tied much of its advertising program to the recently completed Olympics.

During the past year, the firm opened new markets for Miller Reserve and introduced Ultra Lite into several test markets, according to Ron Richards, retail sales director.

And, last May, it introduced Colders 29, at the other end of the market.

Last month, tension erupted into a court fight over water...specifically, the Virginia water Coors adds to the concentrated brew it ships to the Eastern seaboard. Suits and countersuits were filed by Coors and Anheuser in a brew-haha as nasty as any between Clinton and that other Busch ... er, Bush.

"It's a below-premium beer, Richards explained. "Consumers of popular priced beers told us they were looking for a smoother product, and age has a lot to do with smoothness. We use a quick cool process which allows us to quickly chill the beer."

Miller Lite, in the meantime, has now repositioned its advertising to win stronger support from younger consumers.

Miller has also been aggressive in promoting its shelf management "Vertibrand" program to retailers. It features several shelf sets and is customized on the basis of computer generated data.

Coors introduced its first nonalcohol brew during the year, Coors Cutter, and won broad acceptance. The brand debuted in an aggressive instore sampling program supported by a variety of point-of-sale materials. Advertising was directed mostly at primetime sports programs, according to the company.

On the premium side of the business, Coors Dry was launched touting its two-step cooling method.

Coors Light continued to receive support from the company's successful "Dancing Can" POS display, featuring a talking can. The program is directed at several themes and sweepstakes during the spring to early fall period.

Stroh breweries also offered a non-alcohol product with the introduction and 20-plus state rollout of Old Milwaukee N.A, according to the company. The brewer also introduced Old Milwaukee Genuine Draft and Old Milwaukee Genuine Draft Light during the year.

Nonalcohol and lighter brews weren't the only beneficiaries of the trends, however. Wines and coolers have also won new popularity among consumers seeking lighter, healthier drinks.

That's often resulted in new combinations incorporating carbonation with fruit juices in both alcohol and nonalcohol drinks. Even traditional wines found popularity in lighter tastes.

"We're seeing an tremendous increases in the popularity of varietals, such as Chardonnay, Cabernet and White Zinfandel, even though other parts of the wine market are down," noted Toby Lagonegro, president of Elmira Distributors, Elmira, N.Y. "That may be [because of taste or] because consumers believe there are certain compounds in them that are actually healthy for you."

He also noted that more sales were taking place in smaller bottles, an indication of consumers' more cautious approach to drinking.

In the cooler category, a variety of new combinations has been introduced incorporating both alcohol and nonalcohol products. Spritzers and fruit-based drinks, many of which are light or low-calorie, dominate the market. Still others are directed toward a twilight category with as much pull from beer drinkers as from those who prefer wine.

At present, for the beer/wine category as a whole, things are looking up. Premium beers have been showing signs of renewed life, the brewers report. And while they can't advertise it as a health food yet, alcoholic beverage marketers are eager to remind editors of the recent New York Times and "60 Minutes" stories about the heart-healthy benefits of alcohol ... stories that resulted in a 44-percent jolt to supermarket red wine sales in the four-week post-story period.

1991 TOP 10 BEER BRANDS

RANK	BRAND	VOLUME*	% CHANGE	SHARE
1	Budweiser	47.2	- 5.2%	24.2%
2	Miller Lite	19.0	- 4.5	9.7
3	Coors Light	12.4	+ 4.9	6.4
4	Bud Light	12.4	+ 5.1	6.4
5	Busch	9.8	+ 4.3	5.0
6	Milwaukee's Best	7.1	+ 1.4	3.6
7	Miller Genuine Draft	6.5	+ 10.2	3.3
8	Old Milwaukee	5.9	- 7.8	3.0
9	Miller High Life	5.5	- 14.1	2.8
10	Natural Light	4.5	+ 40.6	2.3

SOURCE: Beer Marketer's Insights

* Millions of barrels

Breakfast Foods

The cooling off of the oat bran craze proved to be no cereal killer, as both "sweet and sugary" and "healthful and nutritious" varieties—and price increases— drove the category's unit and dollar volume.

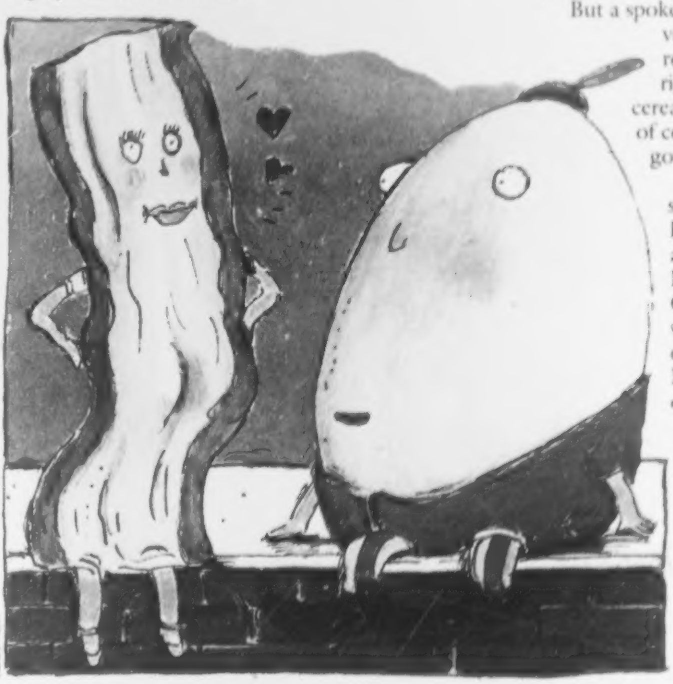
Is the oat bran craze dead? Of course it is. But while the New England Journal of Medicine pulled the plug on both the craze and cereal's double-digit growth rates in early 1990, people lured to cereal seem to be continuing their flake and puff-munching habits.

Sales of ready-to-eat cereal never dipped as oat bran dimmed. In fact, in 1991, supermarkets moved $5.5 billion worth of the product, according to SUPERMARKET BUSINESS's Consumer Expenditures Study (CES). That's almost $700 million more than in 1989, at the height of the craze.

Not surprisingly, cold cereal's growth rate did slow down when oat bran lost its miracle food status, from a crisp 14.4 percent in 1989 to a so-so 6.8 percent in 1990. But in 1991, sales accelerated to a 7.1 percent gain, according to CES. And volume is still rising.

"The category seems to be expanding overall," says Claire D'Amour, vice president, corporate communications at Big Y Foods (Springfield, Mass.). "I'm not sure if it's the result of the recession, or dietary concerns. But cereal keeps growing, both for adults and for kids."

While talk of a Saturday morning TV ad ban raised some concerns about sales for pre-sweetened cereals, the ban never materialized, and sales of the sugary stuff haven't soured.



DEBBIE TILLEY

Among adult-targeted cereals, two segments show strength, according to D'Amour: private-label cereals, which nibble away at established brands whenever there's a price increase, and unsweetened, high-fiber, good-for-you cereals, including--you guessed it--oat bran.

Today's craze: couponing

Despite cereal's sustained retail sales strength, most manufacturers seem to be tightening their belts these days, with fewer exciting products or aggressive, brand-building ad campaigns. And in discussing business, manufacturers frequently lament the impact of the recession.

By contrast, if retailers mention the recession at all, it's usually in the context of what's driving the category's growth.

The malaise at the manufacturing level seems stranger still considering their ability to pass along several rounds of price increases in this category since 1990. That sharply contrasts other grocery categories, such as frozen food and canned goods, where price increases are the exception, and rollbacks the rule.

Most manufacturers attribute the most recent price hikes, which raise retail prices by about 10 cents a box, to "higher costs" ranging from labor to manufacturing and shipping.

But a spokesperson for Quaker Oats cited "the very heavy promotional costs that are required to compete in this category right now. Couponing for ready-to-eat cereal is intense right now, with face values of coupons among the highest of any category in the entire grocery industry."

Kellogg Co. (Battle Creek, Mich.) sparked the most recent round of price hikes, with a 3.5 percent increase announced in late May; Kraft General Foods' Post (White Plains, N.Y.) and General Mills (Minneapolis) followed, with hikes of 3.5 and 4 percent. Quaker and Nabisco Brands (Parsippany, N.J.) each announced 4 and 3.8 percent price increases in July.

Retailers, consumers benefit

As the major cereal brands battle for share with high-low artillery, including the use of high-value coupons and jumbo-size, twin-packs offered on deal, consumers and retailers--even those who complain about coupon hassles--benefit by getting a better shake and accelerated movement of goods.

Even if retailers complain about the cost of processing coupons, manufacturers are the ones paying for the face value discounts, which accelerate product movement and keep retail revenues high. And 1991's price hikes also contributed to 1991's 7.1 percent dollar volume gain.

Another benefit for distributors in the current state of cereal affairs, D'Amour notes, is that national brand price hikes "give a boost to private label sales."

Those sales are still small for the category as a whole, but they're showing rapid growth. Private label cereal sales grew 33.4 percent in 1991, according to Information Resources, Inc., with volume closing in on the five percent mark in overall cold cereal share.

Good news or bad?

None of those developments are good news for brand manufacturers, except for the likes of Ralston Purina (St. Louis), which has a high stake in private label cereals. For others, such as market leader Kellogg, "we consider them [private label cereals] major competitors, along with other branded cereals," says a spokesperson. The competitive strategy is similar--to "promote the equity of the Kellogg name, the quality, and all that goes with that," she said.

Like other "equities," brand equity requires a substantial financial investment. Because private-label goods skirt this burden, they will always be able to beat the brands on price--and enjoy gains in share when the economy is soft. And while retail cereal sales are still growing, more couponing means flatter overall growth for manufacturers than the CES figures suggest.

While a headache for manufacturers of branded products, private label cereals fill a key everyday low price role in a category marked by overheated high-low pricing. As the pricing and couponing games intensify, generous private label margins help make cereal one of the most profitable dry grocery categories for operators.

One of the more visible recent changes in the cereal category is the emergence of top-selling brands in twin packs (double-wide boxes with two separate cereal bags inside) and multi-packs (more than one box, shrink-wrapped together) in a supermarket setting. Both provide retailers with a way to offer leading brands at low unit costs--and to compete with clubs using the same consumer lure.

If twin and multi-packs keep club-prone shoppers in the store, the indirect payoff is sometimes worth the effort to drop small, higher-margin packages in favor of larger, bulkier packs that don't always carry comparable margins. (Even when twin pack margins are smaller, however, retailers have the consolation of higher per-customer totals at the checkout.)

But merchandising challenges remain. If the bigger packs appear in the regular cereal aisle, they give shoppers an opportunity to check the price difference, brand to brand, and trade up. But there are some logistical advantages to separate merchandising locations, particularly for the bigger items offered intermittently on deal.

"We're on the Apollo space management system," says Big Y's D'Amour. While regular in-line items appear on the shelves according to a carefully laid-out plan, twin pack and multi-pack SKU's vary in a more haphazard manner, hinging on "whatever the deal is--there's no formula." For that reason, they appear in sections of the store dedicated to club-sized goods.

Manufacturers limit their twin packs and multi-packs to best-selling brands. Kellogg, which distributes over 45 cold cereals, started packaging its top products in twin packs mostly for warehouse club channels in 1989, according to a spokesperson. Current twin pack items include Kellogg's Corn Flakes, Rice Krispies, Frosted Mini-Wheats, Cracklin' Oat Bran, Frosted Flakes and Froot Loops.

General Mills, meanwhile, offers twin packs of Cheerio's, Honey Nut Cheerio's, Lucky Charms and six other best-sellers, in addition to the multi-pack promotions it runs on occasion. While most often sold through clubs, a General Mills spokesperson says all of its twin packs are available to supermarkets as well.

But for consumers who are willing to pay a bit more on unit pricing for convenience and variety, General Mills recently introduced its Breakfast Pack, an eight-count pack of one-ounce boxes of top brands--Cheerio's, Wheaties, Lucky Charms, Triples, Honey Nut Cheerio's, Cinnamon Toast Crunch, Raisin Nut Bran and Apple Cinnamon Cheerio's. Smaller box sizes travel well to the campsite or the job, he adds, and multiple box sizes help retailers meet diverse consumer preferences and needs. (The smallest boxes are also available bundled in foodservice packs).

One of the more visible recent changes in the cereal category is the emergence of top-selling brands in twin packs (double-wide boxes with two separate cereal bags inside) and multi-packs.

Low-fat focus

Along with convenience, General Mills focuses on the fat and protein trade-offs consumers make with carbohydrates in "The American Breakfast Report," part of a 10-year effort by the company to monitor American nutrition.

Among General Mills' key findings: a big difference in nutrition on "cereal days" and "non-cereal days." Percentages of calories from fat on "cereal days" drop from 35 to 22 percent for kids and from 37 to 20 percent for adults. Of all the sources of sugar in children's diets, moreover, cereal accounts for only a slender 3.5 percent share.

But General Mills isn't the

Continued on page 154

Candy

Price increases during the recent soft period hampered sales growth, as they usually do in this category. But the really tough issue for supermarkets is discounter competition—and how sweet it isn't.

Since the 1984 Olympics, candy manufacturers have gone through hoops to promote their products as an acceptable reward for an active lifestyle. While their efforts haven't led to wild increases in candy consumption, the category has remained a solid performer, with Americans eating about 20 pounds per capita, per year.

Candy consumption usually slips a bit whenever manufacturers try to increase prices. But total dollars continued to edge upward in 1991, although at a slower rate than 1990's 5.1 percent gain. Price hikes and flat tonnage combined for a 2.9 percent increase in sales, according to SUPERMARKET BUSINESS's 1992 Consumer Expenditures Study (CES).

The category's immediate future looks a little brighter than its recent past. This year, a single manufacturer—M&M/Mars (Hackettstown, N.J.)—spent over $200 million for Olympic-related sponsorship, advertising and promotions.

But if those Olympian efforts and the aggressive marketing tactics of Nestle (Purchase, N.Y.) and others are likely to sustain consumer demand in 1992 and beyond, supermarket retailers can no longer expect to watch sweet profits roll their way from the lazy vantage point of a hammock.

"Last year, a Wal-Mart opened up near one of our stores and ran their snack sizes pretty much at our cost," says Debbie Taylor, candy buyer for the Jamestown, N.Y.-based Quality Markets division of Penn Traffic Co. (Johnstown, Penn.). Another Wal-Mart is expected to open in the 24- store division's trading area early next year.

DEBBIE TILLEY

In terms of overall store sales, supermarket owners worry less about nonfood-skewed mass merchants such as Wal-Mart and Kmart than the newer, food- oriented warehouse clubs such as Wal-Mart's Sam's Club. But from a candy buyer's perspective, the simultaneous proliferation of the mass merchants can be just as worrisome.

"It's definitely going to change our attitude about pricing," says Taylor of the new Wal-Mart unit. Quality Markets has already stepped up its candy promotions, adding a summer candy carnival and a more aggressive back-to-school promotion to its calendar of events. Holiday promotions, meanwhile, have gotten bigger, bolder and earlier than ever.

Despite the extra efforts, intensifying competition remains "a big problem," Taylor says. And because it's accustomed to candy's traditionally-comfortable margins, Quality Markets hopes to counter Wal-Mart's every-day pricing by promoting the "low" ends of its high-low pricing cycle, instead of cutting into the category's high margins on a week-to-week basis.

Needed—more promotions

While many high-low retailers will be pursuing a similar strategy, some manufacturers suggest supermarkets will have to step up their candy promotions even more dramatically if they hope to protect themselves from a serious erosion in category share.

"For gum and candy, unfortunately, the supermarket business ain't where the action is," says Ron Cox, vice president of marketing at Wm. Wrigley Jr. Co. (Chicago). "It's a shame," he says, because with their traffic advantage, supermarket retailers are "walking by an obvious opportunity."

Faced with growing competition from drug chains and mass merchants, supermarkets now get 45 cents of the American candy dollar (SUPERMARKET BUSINESS, March 1992, page 40). That's still more than the percentage snared by mass merchants (21 cents), drug stores (15 cents) and warehouse clubs (3 cents) combined.

But there is evidence that Cox's argument holds water. According to our CES results, supermarket candy growth (2.9 percent) is lagging behind the industry as a whole (3.4 percent.) And with higher operating costs, supermarkets trying to compete on price alone have little chance of winning the battle.

Candy

With more concerted merchandising, however, price doesn't always have to be the main draw, given the existing supermarket advantage in weekly traffic and convenience.

A case in point: this past summer, Hershey USA (Hershey, Penn.) encouraged retailers to use a S'mores promotion to move six-bar packs of its plain chocolate. Along with a jump in chocolate sales, those retailers who responded moved plenty of private-label marshmallows and graham crackers as well. (Hershey ran a similar promotion pairing its chocolate sauce with ice cream).

The hunger for sweets among kids born in the 1980s is creating demand for products and promotions tailored exclusively to them. But that doesn't mean all of the products will be alien to today's adult boomers.

Another company spurring sales of both candy and other grocery items is Leaf (Bannockburn, Ill.). It's pairing Whoppers malted milk balls with Hi-C fruit drinks in a back-to-school promotion that started in August. And Leaf will be supporting its Heath Bits and Heath Bits 'O Brickle baking ingredients with an offer for a free 1993 calendar. That promotion, which gets ad support in women's magazines, enables retailers to merchandise their own baking products, such as pie crust or whipped toppings.

E.J. Brach (Chicago) is pushing its confectionery as ingredients for holiday baking and candy wreaths this year. A recipe and craft contest, sweetened with a $1 refund offer, encourages consumers to double up candy purchases with butter, foil or wrapping paper; winners get new kitchen appliances.

Another nonfood tie-in: Nestle is currently linking classic Milton Bradley games with a back-to-school candy sweepstakes called the Great Game Giveaway.

Sports muscle, candy hustle

Just about every candy manufacturer has found it worthwhile to promote sports, music, or both, with sponsorships ranging from M&M/Mars' exclusive, multi-million dollar Olympics contract to the D.L. Clark Co.'s (Pittsburgh) limited-edition wrapper salute to the Stanley Cup winning Pittsburgh Penguins, on the wrappers of its Clark bars.

While M&M/Mars was the only candy maker that could use the Olympic five-ring logo, at least two words, "summer" and "games" were fair game.

"Let the games begin, man," announced a laurel and medal-bedecked Bart Simpson, spokescartoon for Nestle's Butterfinger and Baby Ruth. The game, in this case, was an instant-win wrapper promotion with solid gold, silver and bronze medals valued at $7,500, $100 and $15, respectively. Entrants also received free commemorative Simpsons Summer Games pins.

Nestle's other recent sports promotion was more official, emphasizing its sponsorship of the National Basketball Association (NBA). Specially-marked, gold-wrapped Crunch bars were made with 12 different designs embossed into the chocolate, featuring either the name of a winning team or the league emblem itself.

This Fall, as the new season begins, Nestle bounces back into play with a Sweet Moves promotion, including a sweepstakes offer and free Skybox basketball cards in marked poly bags.

Leaf has been an official sponsor of Major League Baseball since 1988, and supports the National Football League through such products as its United Confections NFL-themed stick and change-maker gum.

Teenagers still lead all other age groups in per-capita candy consumption, and Leaf targets them with this Fall's "Rock the Continent" promotion. Any combination of five candy wrappers, including Leaf's PayDay, Heath, Zagnut, Zero, Whoppers and Milk Duds brands, are good for cassettes featuring top Polygram Records artists. The promotion also features an instant-win sweepstakes. The top prize: a trip to Europe to see the production of a music video.

The hunger for sweets among kids born in the 1980s—the baby boom's echo—is creating demand for products and promotions tailored exclusively to them. But that doesn't mean all of the products will be alien to today's adult boomers.

At Topps (Brooklyn, N.Y.), new twists include Gummy Fingers and candy containers shaped like Tiny Toons characters and Rollerblade skates. But other hot candy container shapes are more familiar, including Batman and Trolls.

Planters Lifesavers Co. (Winston-Salem, N.C.), a division of the Nabisco Foods Group, targeted kids with its nine-city 'Round America Tour, featuring the Five-Flavor Gang mascots—Wacky Wild Cherry, Laughin' Lemon, Loony Lime, Perky Pineapple and Outlandish Orange, who celebrated the brand's 80th year. Along with retail stops, the tours included children's hospitals, where the mascots dropped off $3,000 donations along with good cheer.

Planters/Lifesavers also encouraged kids to exercise their lungs with its national bubble-blowing competition, the Bubble Yum Super Blowout, a joint-effort with a national video-game arcade chain.

One of the most effective tactics utilized by retailers to cash in on M&M/Mars Olympics visibility was to expand their front-end candy displays, according to Hill.

Gross margins for single bars, Hill noted, are in the 35 to 42 percent range. And with low direct-product costs and high impulse potential, better front end candy merchandising makes a sweet profit center even more appealing.

Rotating racks and spinners at the front end, of course, mean more elbow room for M&M's single-bar line extensions and

Continued on page 156

Canned Goods

A decade ago, some thought the future of the grocery department was in microwavable trays, cups and bowls. As it turns out, there's still more business in the can.

Sales of microwave ovens surged in the 1980s. But since then, the expected groundswell demand for microwavable, shelf- stable entrees and accompaniments has been more of a "micro" wave, resulting in substantial price- cutting and the shelving of some ambitious product lines by a number of major players.

But despite some disappointment over the development of those "wave of the future" items, the total "non-perishable" food category posted respectable results last year, thanks mainly to the canned segment.

Canned and bottled drinks led the category in growth percentage (7.9 percent) and sales ($4.78 billion), according to SUPERMARKET BUSINESS's Consumer Expenditures Study (CES).

Canned soup (up four percent, to $2.13 billion) and spaghetti sauce (up 4.7 percent, to $1.54 billion) also performed well, and with better margins (25.1 and 27.2 percent, vs. 23.9 percent for juices). But the bigger juice category still led the field in contribution to gross supermarket profits—$783 million, vs. $400 million for soup and $314 million for sauce.

There were a few bright spots in canned prepared foods as well. Oriental items gained 7.3 percent in dollars as Mexican foods advanced 3.6 percent, according to CES. Even with those sales increases, however, the $2 billion canned prepared foods category still posted a 1.4 percent decline.

Canned vegetables and fruits have combined sales of more than $5 billion. But those two huge categories also lacked luster. Dollar sales for canned vegetables faltered by 0.8 percent, or $26 million, to $3.26 billion. Canned fruit dollars edged up a mere 0.2 percent, or $14 million, to just over $1.78 billion.

Canned tuna, meanwhile, suffered a 6.2 percent, $218 million decline in 1991, to $1.42 billion. And constant pricing pressure is keeping margins below the 20 percent mark—perilously close to the breakeven point for many retailers.

Microwavable cups moving best

Getting back to the microwavable-package segment, there have, in justice, been successes. "We've seen the best movement on the single-serve microwavable cup items," says Denny Allison, a buyer for 12- store Fulmer Supermarkets (Springfield, Ohio). He credits aggressive, every-day low pricing for "decent" turns.

Tray items, so far, have been a tougher sell, at least in supermarkets. "We're doing very little with those," Allison says. "Sales have been slow." Microwavable vegetable dishes, he adds, "are dead. More and more of the microwavable cups are taking up the void there."

Last Fall, at about the same time that weak demand for its tray items convinced Kraft General Foods to drop its line, Hormel (Austin, Minn.), which pioneered the niche with Top Shelf in 1987, bolstered its presence there with Dinty Moore American Classics.

Unlike Top Shelf, which was launched as a gourmet line, and now is seeing strongest growth through non-grocery discount channels, the Dinty Moore trays (and, since

45th ANNUAL CONSUMER EXPENDITURES STUDY

Canned Goods

June, cups) are positioned as hearty, basic meals.

And while Hormel's 10 Top Shelf items retail in the $1.89-$2.69 range, the six Dinty Moore tray items are typically priced near $1.79. The six Dinty Moore 7.5 ounce cups, introduced in June, retail near $1.15. (Hormel first put its Dinty Moore brand on a microwavable cup of beef stew in April of 1989.)

Powered by innovative fruit- flavored juice blends, canned and bottled juices and drinks kept expanding in 1991. Since 1988, the fruit drink subcategory's annual sales have grown by $456 million.

Hormel and shelf-stable rivals American Home Products (New York) and Dial launched 10.5-ounce versions of their fastest-selling 7.5-ounce cups in 1991. But if the larger sizes satisfy heartier appetites and contribute a larger ring at the front end, they haven't had a proportionately big impact in terms of incremental sales.

Hormel's larger Micro Cups include two soups—Chicken Noodle and Bean & Ham—and five entrees— Noodles & Chicken, Scalloped Potatoes & Ham, Lasagna, Chili with Beans and Macaroni & Beef. The 7.5-ounce soups and entrees usually retail in the $.85-$1 range; the larger 10.5-ounce bowls typically sell for $1.45.

Dial put the five top sellers in its 11-item line in bigger microwavable bowls last year. But those sizes remain available only in "limited geographic markets" in the Southeast, according to Rhonda Vroman, brand manager for microwavables.

Dial estimates that total sales of the bigger-bowl segment account for about 10 percent of the microwavable shelf-stable category. Dial has also trimmed and re-positioned its low-calorie segment, launched in 1990 as Light Balance, and re-christened it Light 'n Healthy. Suggested retails for the line, reduced from six to four items, dropped from about $1.19 to below a dollar.

Like Hormel, Dial is noticing strong sales gains in non-grocery channels. Dial's multi-packs, now appearing in more supermarket club sections and walls of value, include four and six-packs which retail for a suggested $3.29 and $4.99 respectively.

Libby's Diner, introduced in April 1991 by Nestle USA (Glendale, Calif.) and nationally distributed last Fall, has also been aggressive with its pricing, cutting suggested retails for its 7.5 ounce cups from $1.09 to an everyday $.99. That line includes seven continuing flavors and three new back-to-basics varieties that were introduced nationally last month: Macaroni & Cheese, Gravy with Turkey & Dressing, and Beans & Franks.

Canned and bottled juices

Powered by innovative fruit-flavored juice blends, canned and bottled juices and drinks kept expanding in 1991. Since 1988, the fruit drink subcategory's annual sales have grown by $456 million, to $1.73 billion.

With shelf-stable juice volume at $4.8 billion, the fruit drink segment now accounts for 36 percent of the growing category, up from 32 percent in 1988. And 1991's 15.1 percent gain accounted for almost half (up $226.9 million) of that three-year increase in sales.

Is there room for still more growth? Tropicana (Bradenton, Fla.), which says sales for its Twister lines grew 49 percent last year, to more than $200 million at retail, is projecting that its new flavor, Cranberry Raspberry Strawberry, will help the brand grow another 20 percent, to more than $240 million, by 1993.

But retailers have their doubts about the category as a whole. "The market is totally saturated," says Doug Parker, a buyer for Eastern Shore Markets (Exmore, Va.). "We'll be shuffling the new items in," he says, but Parker doesn't expect to be expanding category shelf space.

With more items available in 64-ounce plastic, Parker adds, SKU clutter within the category is acute. But the bigger plastic bottles do offer some advantages over the standard 48-ounce glass bottles they're replacing, Parker adds—less breakage and a higher-ticket ring at the front end.

As the category matures, manufacturers are turning on each other with increasing ferocity. Ocean Spray (Lakeville, Mass.) gave Tropicana a citrus-scented smack last year with its Ruby Red Grapefruit. This year, Tropicana returns the flavor with Cranberry Raspberry Strawberry Twister, its first entry in the cranberry juice category.

Tropicana estimates cranberry- flavored drinks have total retail sales near $680 million. The new flavor "opens up a whole new range of possibilities for us to pursue," according to William Pietersen, president of the Seagram Co. subsidiary. Tropicana is backing the new flavor with more marketing support than any other Twister flavor.

Tropicana is also launching its first year-round ad campaign supporting all Twister items. They include the Twister Light sub-line with Nutrasweet and recent citrus-based flavor introductions—Orange Mango, Orange Strawberry Guava and Mandarin Orange Papaya.

As Tropicana dives deeper into the cranberry bog, Ocean Spray is going full steam ahead into the citrus grove. "We plan to use [Ruby Red Grapefruit's] success as the platform for further new product introductions in the citrus area," says John Moreton, division business manager for new products.

Ocean Spray also twists citrus flavors into its three-item Refreshers line, including Citrus Peach, Citrus Cranberry and Orange Cranberry. That line, while targeted to adults, is "still an infant," according to Joan

Continued on page 158

Deli

Chilled, prepared foods sold from self-service cases are no longer getting the cold shoulder, as operators look to provide quality and convenience while minimizing costs.

Following the torrid onrush of service deli departments in new and remodeled supermarkets through the Eighties, the pace of development slowed somewhat for the second consecutive year, as supermarket deli coverage reached the saturation point in some regions.

With the maturity of many departments, and recent economics, the most noticeable trend of late is the increased emphasis on prepared foods, merchandised from self-service fixtures within the deli department.

"Five or six years ago, shoppers associated prepared foods strictly with a hot-food case," notes consultant Howard Solganik. "That's clearly changed. Nowadays, chilled and prepared foods are no longer perceived as the stepchild of the deli."

Solganik adds that more than 25 percent of supermarkets, including West Point Market, Akron, Ohio, and Randall's Food Markets, Houston, make prepared foods from scratch, while others, such as Roche Bros., Wellesley Hills, Mass., and Ukrop's Supermarkets, Richmond, Va., use off-premise commissaries or central kitchens.

On the other hand, many operators are relying more on foodservice distributors such as Kraft General Foods, Deerfield, Ill. and Sysco to meet their foodservice needs because of the high service levels store delis demand. Randall's and Buckeye Village, an IGA store located in Alliance, Ohio, deal with foodservice distributors because they are less expensive than grocery suppliers, yet offer consistent quality, better packaging, and a wider assortment.

"Ours is a scratch operation, so I have to purchase as if I were a restaurant owner," says Scott Miller, Randall's director of prepared foods. "That relates to packaging, too. Foodservice packaging is designed for the restaurant business in that it allows for longer shelf life. That's what I need and I can't get it anywhere else. Foodservice distributors offer consistency and product quality at a better long-term price."

The majority of supermarkets, however, continue to rely on commercial suppliers for cold and hot prepared entrees and salads.

In fact, some vendors, in response to retailers' needs for eye appeal, product freshness and merchandising aids, have assisted in the planning and implementation of point-of-purchase materials, including posters, nutritional brochures, and recipe ideas. Tyson Food Service, Springdale, Ark., offers serving suggestions and bright signage to help retailers merchandise its fried and pulled & diced chicken as well as meat loaf, Cornish hens, and oven-roasted chickens.

To lend more appeal to chilled, prepared foods, some suppliers, such as Blue Ridge Farms, Brooklyn, N.Y., are merchandising products in clear, microwavable containers. "Sales of microwavable prepared foods are going through the roof in our six stores," notes Lucy Sposito, bakery-deli merchandiser for Rouse's Supermarket, Thibodaux, La. "The packaging gives the products a prettier and larger presentation as opposed to the older pint

Continued on page 108

DEBBIE TILLEY

Deli

Continued from page 105

and quart-container setups."

Another deli trend that has gained momentum during the past year has been the proliferation of ethnic and regional offerings, including Chinese and Mexican food. A major southwestern retailer has just unveiled barbecue restaurants in some of its stores, and with beef and pork still showing a strong presence in that region of the country, many observers say the concept will spread like wildfire.

All operators contacted by Supermarket Business have implemented stronger food safety and training programs, to meet the challenges of a segment of the industry that has grown increasingly complex because of the high perishability of its products.

To reinforce a regional foodservice presence among shoppers, many operators have rolled out their own "signature" items, such as Ukrop's bacon-cheddar potato, Schnuck Markets' chicken pot pie, Randall's European pizza, and West Point Market's lasagna.

Signature items

"We wanted to address the needs of those busy shoppers who simply don't have a lot of time on their hands to prepare meals," notes West Point owner Russ Vernon. "The idea is to trade dollars for convenience."

West Point's lasagnas come in sausage, asparagus, mushroom, seafood, vegetable, and meat varieties. Prices range from $12 to $20, and Vernon notes that since introducing the six varieties last year, lasagna sales have doubled.

Ball's Super Food Stores, Kansas City, Kan., carried the convenience concept one step further when it recently unveiled "The Supreme Court" at one of its Price Choppers (See SUPERMARKET BUSINESS, May 1992, page 53). The court consists of six scaled-down popular restaurants: Chi-Chi's, Bennigan's, Godfather's Pizza, Ricky Shaw's Oriental Express, 5th & Grand Sandwich Stand, and Heartland Winger's Fried Chicken.

The food court area occupies 1,864 square feet and includes a salad bar with seating for 50 people.

Co-Opportunities, Inc., Naperville, Ill., which developed the Supreme Court concept and put the purchase together for retailers, currently has commitments or is in the final negotiation stages to open Supreme Courts in eight major metropolitan areas within the next year or so. If all goes according to plan, 20 to 25 will be opened before the end of the year.

While the food court seems to be working for Price Chopper, consultant Solganik cautions that the concept may not be for everybody. "My concern is that a lot of retailers have minimized the value of their own brands," he says. "Individual retail brands can be very valuable, but operators need to be educated about their sales and profit possibilities."

The proliferation of lighter and leaner products, as well as those with reduced salt, continued in the cheese, bulk meat, and self-serve lunch meat area.

As for the cheese category, low-fat Havarti, Brie, and other varieties are pacing the growth in supermarket delis, retailers say. Consumers are also looking for for such specialty products as Fromage Blanc, Alpine Lace, Stilton, Jarlsberg Lite and Lappi, as well as health-related selections of Swiss and cheddar.

"Brie is right on top in our store, because it goes great with anything," says Steve Pyle, deli and oriental product manager, Hen House Market, Lenexa, Kan. "It goes great with wine and also with crackers. But Stilton, which is a type of low-sodium blue cheese, is doing well in our store, too. It can be used in almost any recipe, and it crumbles up well. Plus, it's aged a little bit."

In keeping with the "light" trend, Kraft General Foods, Deerfield, Ill., next month will introduce 22 lines of 50 percent reduced-fat cheeses called Kraft Healthy Favorites. Among selections shoppers can choose from are mild cheddar, chunk, Swiss slices, mozzarella, Monterey Jack, and Colby.

"There's still a growing interest among shoppers in light cheeses that combine great taste and good nutrition," says a Kraft spokesperson. "We pioneered light cheeses a while ago, and we've seen more than a 30 percent growth in them since last year. In fact, reduced-fat and fat-free cheeses make up more than 10 percent of our total cheese business. The new line definitely reflects the growing interest among consumers in light cheeses, and we expect the trend to continue."

A spokesman for Oscar Meyer & Co., Madison, Wis., was equally positive about sales of the company's Lower-Salt Baked Ham, which was introduced two years ago. Swift-Eckrich, Downer's Grove, Ill., also reports strong sales of its reduced-fat and/or sodium sliced meats, cheese, and salads.

"A good supermarket deli can't ignore this lean toward nutrition," says Solganik. "Alongside its full-fat mayonnaise based potato salad and macaroni salad, it should have a few — or several — salads and entrees that better meet the current dietary guidelines."

What's more, Solganik feels that creative kitchen staffs for both food manufacturers and individual supermarkets have been proving their talents at developing health-conscious items that also bring the pleasures of good taste.

Delis of many independent supermarkets, as well as those of the larger regional and national chains, are attracting both old and new customers with items whose nutritional profiles lend a contemporary health message and whose taste profiles deliver repeat sales.

■ **Richard Petreycik**

Dairy

With better margins than margarine, yogurts, juice blends and high- profit specialty items provided the good news in an otherwise flat year for the dairy section.

It seems odd for retailers to be as bullish as they are on the dairy category. By the numbers, 1991 was a dismal year. After solid sales gains in recent years (10.6 percent in 1989; 5.7 percent in 1990), the category actually registered a 0.1 percent loss, as total volume held at $23.7 billion, according to SUPERMARKET BUSINESS's 1992 CES.

Except for a 5.8-percent gain in the durable yogurt category, every major milk-based sub- category posted declines. The losers include almost every type of cheese (down three percent, to $5.6 billion), as well as fluid milk and related products (down 2.4 percent, to $8 billion). The CES picture's not any brighter for margarine (down 2.3 percent) or eggs (down 4.9 percent).

For a better glimpse at why retailers are enthusiastic, look beyond dollar sales for traditional dairy case commodities, and to gross margins. Since 1989, a surge in demand for non-traditional dairy- case items, from juice blends to specialty foods, has lifted dairy category margins from 21.4 to 23 percent. That performance is all the more remarkable when you consider that margins for fresh milk, a $7 billion segment, have held steady at about 15.6 percent.

"Refrigerated pasta and sauces, and other ethnic foods, have given the category a real kick," says Stephen Barlow, president of single-store Barlow Foods (Rochester, Minn.), which recently expanded its dairy department for a second time with another 20 feet of multi- deck casing. About 120 feet of dairy multi-deck cases now surround and flank a coffin case dairy department island measuring 54 linear feet. (After a recent remodeling, the store now totals 78,000 square feet).

"The Contadina pizzas are real strong—they're as strong as frozen pizza, and they're a higher-ticket item," Barlow says. "Every time we feature those, we go through quite a few." Other products expanding into the newly- opened dairy space include chilled juices and drinks, other pasta-type items and ethnic foods, and chilled chowders and other soups, Barlow says.

Room for success

Not every retailer can indulge in more than 170 linear feet of refrigerated dairy case space— and in an expansive array of high- margin items that are only marginally related to milk. But even in the confined urban dairy sections that D'Agostino Supermarkets (Larchmont, N.Y.) maintains in and around New York City, Scott Rzesa, frozen and dairy buyer, finds room for optimism.

"There's a big, big opportunity to win over consumers with value- added private-label products," Rzesa says. The new items, he says, in stark contrast to the "generic, low-end" private-label items of the 1970s and 1980s, have tremendous potential in linking the store's name to premium- quality perishables. Rich-tasting- yet-lean puddings and soups, Rzesa says, are two potential hot- growth dairy segments. He also has high hopes for non-milk dairy items, such as D'Agostino's new premium-quality, private-label calcium-added orange juice.

The dollar declines in fluid milk, and many milk-based products, reflected a drop in prices by nearly 15 cents a gallon during 1991, according to the National Dairy Promotion and Research Board (Rosemont, Ill.). Tonnage, meanwhile, grew 3.5 percent, slightly ahead of the population.

But if per-capita fresh milk consumption is edging upward, few retailers are going to get rich by selling more of the plain white stuff. Along with margins below 16 percent, retailers have

DEBBIE TILLEY

Dairy

to contend with a 2.5 - percent decline in dollars for the category despite rising tonnage (and handling costs).

A snapshot of 1991 milk-consumption shows two percent milk leading with a 42 percent share of total tonnage, according to the National Dairy Promotion and Research Board (Rosemont, Ill.). Whole milk follows with 28 percent. Skim milk accounts for 19 percent, and one percent milk has the smallest share, 15 percent. But for five years, one percent and skim have been gaining share as two percent and whole milk decline.

Except for a 5.8-percent gain in the sales of the ever-appealing yogurt group, every major milk-based sub-category experienced volume declines in 1991.

D'Agostino's Rzesa expects the full-fat to lowfat to nonfat trend to continue—and not just for fluid milk. "That's going to be the guiding principle throughout any of the milk-based product categories," he says, particularly for dairy items used in baking.

Blended juices, private label premium products and an endless array of new products (Lipton and Nestea iced tea, for example, from Pepsi and Coke) all intensify the pressure on refrigerated shelf space. But retailers such as Barlow find the increase in sales to be worth the efforts needed to make more room. "Refrigerated juices picked up quite a bit" of his store's recent 20-foot multi-deck expansion, Barlow notes.

Tropicana (Bradenton, Fla.), which is edged out by Coca-Cola Foods' Minute Maid brand (Houston) in the overall orange juice category, is touting its leadership in the not-from- concentrate segment. The brand was recently at 35 percent compared to Minute Maid's 22.2 percent, Citrus Hill's (Procter & Gamble) 7.9 percent and Citrus World's 4.4 percent, according to IRI Infoscan. Significantly, private- label not-from-concentrate juice has the third largest share, with 20.1 percent.

Playing David to Tropicana's Goliath, Vero Beach Groves (Vero Beach, Fla.) claims its Honestly Fresh Squeezed juice has already toppled Tropicana in test markets. Its slingshot: a graphic image of a Tropicana carton under a flaming heat source, with Honestly Fresh Squeezed nearby on a block of ice. The company says its cold-chilling process and elimination of carton air space makes heat pasteurization unnecessary.

Coca-Cola Foods, which recently launched its Nestea ready-to- drink iced tea in refrigerated cartons, is also extending the flavors of its Minute Maid franchise with Berry Punch. The company is also introducing a new gallon container for its fruit punch, lemonade, and citrus punches; retails range from $2.99 to $3.29.

Udderly bullet proof

Sustained yogurt gains keep taking retailers by surprise. "I thought growth in that category was over, but it's not," says Barlow. CES numbers show a 5.2-percent gain in 1991, to $2.3 billion.

The National Yogurt Association, part of the American Frozen Foods Institute (McLean, Va.) will help maintain awareness of products containing live, active cultures with its L.A.C. seal. Aside from a fee for a lab check, manufacturers don't have to pay a bundle to get the seal. And companies don't have to be members of either association to participate.

The seal shouldn't incite the FDA because it merely calls attention to an ingredient.

Dannon, Colombo, Yoplait and La Yogurt, among other brands, will carry the seal, which is expected to boost awareness of the possible benefits live, active cultures have on digestion and the immune system's production of interferon. The latter "got significant press coverage in the Spring," notes Jim Rowe, an independent consultant who works as marketing director for Johanna Farms' (Flemington, N.J.) La Yogurt brand. "That's helping boost per capita consumption."

Culture for kids

Yogurt makers also strive for a point of distinction from the commodity norm with products targeted for kids. This year, Dannon (White Plains, N.Y.), Yoplait/General Mills (Minneapolis), Light n' Lively/Kraft and Colombo (Andover, Mass.) all unveiled or updated kid-targeted lines.

Dannon Sprinkl'ins, introduced earlier this year, gives kids a smooth, sweet alternative to the tart, chunk-ridden yogurt they've learned to reject. And kids can mix in a packet of colorful sugar sprinkles as well.

While Dannon vice president Bob Wallach says his company has been accused of "junking up a healthy category" by including sprinkles, he says company research indicates that parents are sufficiently intent on getting their kids to eat yogurt that they say "the extra 10 calories of sugar are well worth it."

Along with live, active cultures, calcium gets fresh emphasis this year. A study published in the *New England Journal of Medicine* in July is solidifying awareness of the mineral's benefits for kids. It's not yet as ubiquitous as Vitamin C, and it may seem redundant in dairy-based products, but a wider range of juices are bound to be calcium-fortified.

Procter & Gamble (Cincinnati), which is undergoing a three-year research effort to document the unique absorption benefits of its proprietary calcium formula, called FruitCal, also enriches its Speas Farm Parent's Choice apple and grape juices with the mineral, according to a spokesperson. And D'Agostino is sure to be just the first of a wave of retailers marketing their own private-label calcium-added juice products.

■ **FRANK HAMMEL**

Frozen Foods

With sales growth slowed by tight spending and item proliferation straining capacity in even the most spacious departments, operators may have to take a cold, hard look at space allocation.

Despite an avalanche of new products, frozen food dollar growth almost stopped cold in 1991. The increase was $22.6 million, but for a category weighing in at $16.5 billion, it represented a not-exactly- whopping 0.1 percent gain, according to SUPERMARKET BUSINESS's 1992 Consumer Expenditures Study (CES).

But if frozen food sales as a whole have the kinetic energy and dynamism of a glacier creeping toward the sea, there's plenty of churning within the category. The big dollar gainers in 1991 include the ice cream sub- category in general and frozen yogurt in particular. Frozen breakfast options have heated up as well, with bagels, waffles and prepared breakfast entrees each scoring sales gains.

Frozen pizza, meanwhile, lurched ahead of the hotly-competitive frozen dinners and entrees category. Despite the best efforts of manufacturers, dinners and entrees suffered a 6 percent, $140 million decline in sales from 1990 to 1991. Other big losers included frozen fish, shrimp and vegetables, particularly vegetable combinations and sauce.

It's not too surprising that during hard economic times, people are less willing to spend a premium for the convenience of single and double-portion frozen prepared foods. Economic concerns are also responsible for a "back to basics" mentality, with greater consumer interest in lower-cost, tried-and-true food products. Budget-minded meal planners also undoubtedly noticed frozen pizza's per-serving cost advantage over frozen entrees and pizzeria fare.

DEBBIE TILLEY

But other results were less predictable. Retailers and manufacturers of frozen pizza and ice cream note continued strength in super-premium sub-categories. And private-label vegetable processors, who would seem to benefit from economic malaise, are hit with the double whammy of consumer preference for fresh alternatives and unprecedented pressures on frozen food shelf space.

Cold compress = retail headaches

In their unceasing efforts to fill market niches, manufacturers have created an ever-expanding array of incremental sales-building opportunities—and merchandising headaches—for retailers.

So far, there's no such thing as a frozen analgesic. But retailers can now choose to stock niche products ranging from frozen baby food (Growing Healthy, Eden Prairie, Minn.) to Mamey and Guanabana-flavored ice cream (Goya/Frozen Desserts Resources, Westport, Conn.) to the world's first energy-drink on a stick (FrozFruit/PowerBurst, Gardena, Calif.).

Along with too many niche products and too few freezer-case niches, the major national brand manufacturers keep trying to elbow into more shelf space with line extensions.

"There's a low-fat or no-fat alternative for everything that's out there, doubling up the space we need," notes Bill Michas, president of Many Foods (Whippany, N.J.). Minor modifications of existing products—such as a combination of existing entrees and side dishes—exacerbate the space crunch without a proportional increase in category sales. And new packaging sizes can throw the shelf-keeping puzzle into disarray.

"They no longer fit the section they were given," says Michas of some updated freezer-case lines. Whether or not those efforts are deliberate gambits to boost a brand's shelf space, the new sizes can backfire. Michas notes that in order to get all of the new items into the case, some resized boxes have to be stocked with only an edge of each box showing.

They all scream—for space

Demand for freezer space reaches a seasonal peak in late Spring, with a flurry of new frozen novelties. Until refrigeration engineers come up with accordion-style freezers that can expand and contract to meet seasonal demand, however, even the best-

Frozen Foods

conceived products will be shut out by limited space.

Genuardi's Supermarkets (Norristown, Pa.), which opened a 37,000 square-foot store in Kimberton, Pa. this past April, made room for an oversized frozen food department. "It's huge," acknowledges store manager Mike Dolan, "but it's still not enough. It's amazing how ice cream has taken off, with all the varieties."

Nationally, sales for some high-end novelties seem to be softening in favor of back-to-basics alternatives. That's not surprising, considering that in 1991, such items were priced, per unit, three times higher than regular novelties, according to Information Resources Inc.'s Infoscan division (Fairfield, N.J.).

CES numbers can't verify claims made about consumer expectations. But they do show strong demand for frozen yogurt. The category expanded by 15.7 percent in 1991, on top of 1990's 28.7 percent increase, to a new total of $718 million.

But in upscale markets, pricey frozen treats are still riding high. Expensive ice cream, apparently, is "one thing people won't deprive themselves of," says Many Foods' Michas. And single-bar and multi-bar novelty packs move as quickly as pints. "It all moves. Dove bars and Ben & Jerry's are still doing very, very well, as are the yogurt items," Michas says.

A new category

Within the past several years, frozen yogurt has emerged as "a whole section within ice cream," Michas says. The category can trace its roots to 1976, when Colombo (Andover, Mass.) first offered their product frozen through soft-serve foodservice outlets. There are now more than 15,000 of those outlets, which have been instrumental in priming the pump for freezer case demand.

In 1990, Colombo introduced hard-pack Gourmet Frozen Yogurt, the first superpremium line with mix-in ingredients. Last year, Colombo added its softer Shoppe Style frozen yogurt. This year, in Boston and Houston, Colombo is testing Slender Scoops, a new six-item nonfat yogurt line featuring Nutrasweet.

Another key factor in yogurt's healthy sales gain is Haagen Dazs (Teaneck, N.J.), which "forever changed consumer expectations for frozen yogurt," according to Haagen Dazs vice president of marketing Yves Coleon.

CES numbers can't verify claims made about consumer expectations. But they do show strong demand for frozen yogurt. The category expanded 15.7 percent in 1991, on top of 1990's 28.7 percent increase, to a new total of $718 million.

This year, Haagen Dazs hoped to surf on yogurt's frozen wave with sorbet-coated and chocolate-enrobed novelties. And Coleon indicates that suggested retail prices of $.99 for single bars and $2.59 for three-bar packs aren't keeping aging, health-conscious baby boomers from buying the pricey pop. "They've been extremely well-received," he says

Full fat indulgence

While Haagen Dazs's Coleon notes that "there's no question that consumers are more and more interested in lower-fat items," he adds that "high-indulgence, super-rich" superpremium ice cream is also growing at a faster clip—about eight percent—than the ice cream category as a whole.

That explains Haagen Dazs's seemingly-paradoxical push into full-fat flavor with its recently-introduced Extraas line, targeted at younger adults. Extraas flavors suggest anything but moderation and restraint: Carrot Cake Passion, Caramel Cone Explosion, Cappuccino Commotion, Triple Brownie Overload and Peanut Butter Burst.

Haagen Dazs will benefit if its colorful new pints, priced at a suggested $2.69, gain a following among younger adult consumers. But retailers may wonder if the wild and crazy sub-line will simply chew a hole between traditional Haagen-Dazs products and other brands, like Ben & Jerry's, without adding incremental sales. Coleon thinks not. "There's very little overlap between the two brands," he says. "They have a different image, a different reason for being."

Tastebuds rule

For its part, Ben & Jerry's Homemade (Waterbury, Vt.) created a splash two years ago with its artery and earth-friendly Light line. But to Ben & Jerry's consumers, health concerns are apparently no match for pleasure-seeking taste buds. The much-touted "light" line was discontinued earlier this year.

That isn't stopping others, however, from trying to lure consumers with best-of-both-worlds products promising indulgent taste with better-for-you nutrition. Steve's (Andover, Mass.) has a Light line, with Heath bits and other goodies mixed in. T&W's (Bloomfield, N.J.) Royal Light line is also indulgent, and leaner than Steve's.

Leaner still is Colombo's new six-item Slender Scoops line, despite decadent-sounding flavors such as Vanilla Fudge Heaven and Double Fudge Paradise. But each has less than one gram of fat per serving, and Nutrasweet keeps the per-serving calorie count in the 70 to 100 range.

H.P. Hood (Boston) also takes frozen desserts to a lean extreme with Hood Nonfat Frozen Yogurt, which follows Hood Free Nonfat Dietary Frozen Dessert. The six-item line is available in the Northeast, priced to sell between $2.49 and $2.79 per half gallon.

Continued on page 160

Health & Beauty Aids

The daunting task of sorting winners from losers beforehand in this prolific nonfood segment is no cake-walk, especially with profit pressure at a new pitch.

Anticipation ... it's something that health and beauty aids buyers and merchandisers may have to rely on even more than do their counterparts in other categories.

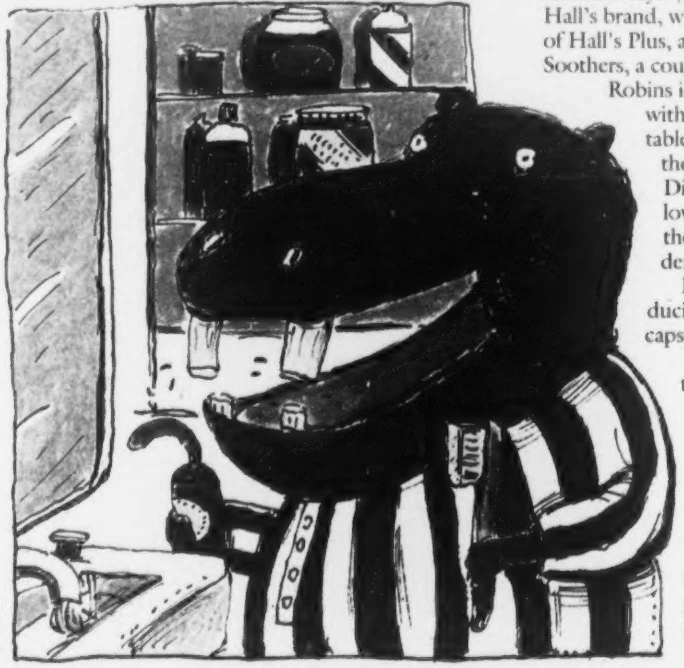
Limited space, new product proliferation and hard-eyed management scrutiny of departmental sales and margins pose pressure-cooker motivation for them to make the right moves.

Yet while it's true that waves of new products invite confusion at the retail shelf, vendors in these categories *have* provided items that drive sales; some by creating unmistakable value, as with Gillette's Sensor razor; others by anticipating, or in some cases creating new consumer needs, as with combination products in hair care, and with the new symptom-specific cough/cold preparations and analgesics.

With category margins bolstered by the higher tickets that often come with advanced formulations and new product styles, HBA/OTC is well worth careful tracking.

Cough/cold continues to branch into new symptom-specific products that target ailments. Also, cough/cold products are appearing in new forms designed for adults and children, in stronger forms, and in new formulations for day and night-time use.

Night-time-use products have been the fastest-growth segment. A.H. Robins has restaged its Robitussin Night Relief cough/cold product, which includes a sleep aid ingredient, with new packaging to "make it a more substantial player in the night relief area," says a company spokesperson. And in July, Burroughs Wellcome shipped its new Actifed Sinus Daytime/Night-time, two distinct medicines in one package.



DEBBIE TILLEY

But Warner-Lambert has moved one of its products away from night use orientation. Benadryl Cold will replace Benadryl Night-time. "Some people thought Benedryl Night-time was for allergy sufferers and not for colds. We wanted to be very clear they understood it was a cold product," says Ron Demczak, vice president, trade relations for Warner-Lambert.

Richardson-Vicks has built on the top-selling success of its Nyquil cold and flu product for night-time use, with Dayquil, a multi- symptom cold and flu product with a "non-drowsy" formula. The product is slated for shipping this Fall, says a company spokesperson.

In another realm of the cold products sub-category, Robins recently commenced distribution of its first Robitussin cold product— Maximum Strength Cough/Cold Robitussin, which joins its Maximum Strength Cough Robitussin.

Robitussin cough drops, launched last year, has already moved into second place benefiting from the strong brand name recognition, the company's representative says. (They are behind Warner- Lambert's Hall's brand, which was boosted by the 1991 launch of Hall's Plus, a liquid-center cough drop, and Soothers, a cough- specific drop).

Robins is branching further into new forms with Dimetapp Cold and Allergy chewable tablets for children, and a new formula for the adult, liquid version as well, called Dimetapp Four Hour Liqui-Gels. It follows Robins' introduction last year of the Dristan cold and flu product in powder form.

Likewise, Richardson-Vicks is introducing its Dayquil in a LiquiCap soft gel capsule form, as did last year with Nyquil. "It's not an easy technology, but we think it's an excellent alternative delivery system for people who don't want to carry around a bottle of liquid, or who simply prefer an unflavored product," said the company's spokesperson.

Warner-Lambert this month began shipping Benadryl Allergy Sinus Headache, an acetaminophen product that highlights the headache remedy aspect on the package.

45th ANNUAL CONSUMER EXPENDITURES STUDY

Health & Beauty Aids

Night-time, or "PM" products represent the fastest growing segment in analgesics. Whitehall Labs has unveiled Aspirin Free Anacin PM, as part of a restaged Aspirin Free Anacin line of acetaminophen products.

Bristol-Myers is extending its Therapeutic Mineral Ice topical analgesic rub to a new TMI Plus With Moisturizers for arthritis and muscle-pain sufferers.

The leading antacid vendors have posted growth in liquids, powders, tablets, and capsules in a category projected to achieve double-digit advances for the foreseeable future.

Two and even three-in-one products continue to set the tone in hair care. Higher-ticket lines, promising better results through more sophisticated formulations, have added margin dollars for retailers willing to devote adequate space.

Maalox expanded antacid efficacy from acid neutralization to include relief from heartburn—"a very specific condition—with its Maalox Heartburn Relief Formula launched in 1991. "Consumer response has exceeded expectations," says Patricia Wojdyla, vice president of marketing for Rorer Pharmaceutical Corp.

The sunscreen category should have a day in the sun this year, as new higher-protection rated products target consumer concern over the effects of sun exposure, and provide new utility for sports participants.

"The category has been very flat, but early signs indicate this will be a growth year," says a spokesman for Coppertone manufacturer Schering-Plough.

Golfers, joggers, softball and tennis players are fueling triple-digit growth in the sports subcategory, where Coppertone has launched two higher coverage products in its Coppertone Sports line.

Supermarket retailers have an opportunity to extend the sun care selling season with displays of "sun-less" products, which are posting double-digit sales as people use improved products to tan safely indoors. Coppertone Sun-Less Tanning Extra Moisturing Formula hit retail shelves this year.

Chesebrough-Ponds is introducing Active Sport Moisturing Sun Block, a water and sweat-proof formula for sports participants that stays on for six hours without residue that affects a player's grip on a racket or other equipment. For all- day use, Vaseline Intensive Care UV Daily Defense Lotion provides a high level of protection for everyday sun exposure.

Simplification is the theme running through the hair care, facial lotion and cosmetics segments.

Two and even three-in-one products continue to set the tone in hair care, where formulas for cleansing, conditioning, and rinsing are increasingly combined. Higher-ticket lines, promising better results through more sophisticated formulations, have added margin dollars for retailers willing to devote adequate space to complete lines.

"The combination products have been particularly popular among men. It's one less product to deal with," observes one manufacturer's spokesperson.

Procter & Gamble's successful Pert Plus shampoo and conditioner has joined with Pert Plus For Kids, a two-in-one product for three to 10- year-olds. The vendor's Pantene Pro-V is "the first two-in-one shampoo plus conditioner with Pantene's pro vitamins," a company spokesperson said.

Helene Curtis' new Vibrance line and L'Oreal's Technicare are also among new entries in hair care systems. L'Oreal this year shipped the six-SKU Perma Vive system following last year's seven- item Color Vive system in the Technicare line.

In August, L'Oreal began distribution of its Mighty Mist hair spray—part of the company's Studio line. The products feature a micro-diffusion spraying system that provides a light, fine mist to eliminate flaking and beading, a spokesperson said. "Hair spray is the second largest hair care category. We found that two-thirds of women who use styling products finish with a hair spray," she said.

Some supermarkets and drug stores have created separate male grooming departments. Gillette's 1990 launch of its Sensor razor deserves credit for sharpening retailer interest in male grooming by providing a distinctly different product, and Schick later followed suit with the skin surface-responsive Tracer.

Now Gillette is offering the Sensor for Women, featuring the same individually-spring-mounted blades and moisturing strip that provide a "customized" shave that accommodates individual contours.

Bic is also pursuing the custom shave ideal with new two-blade, one-piece razors. The 3-item Bic Twin Select line, for normal and sensitive skin, produced in pastel colors, is scheduled for launch this month, according to a company spokesperson.

A recent round of publicity regarding vitamins' efficacy in preventing illness may thrust vitamin supplements back into the spotlight, after several years of flat growth. Though the impact of new studies—which said that vitamins diffuse toxins picked up in normal activity—remains to be seen, consumers' growing interest in diet and nutrition is certain to add pep to the category.

The latest research touted certain vitamins, including C, E, Beta Carotene and Selenium, as anti- oxidants that prevent premature oxidation of cells caused by certain environmental conditions. Beta Carotene was also said to contain cancer-fighting properties.

New labeling that highlights key nutritional information has boosted sales of Nature's Bounty supplements, by helping to guide customers in their choices, says Jim Flaherty, vice president, advertising and marketing for the company.

■ **David Vaczek**

Pet Needs

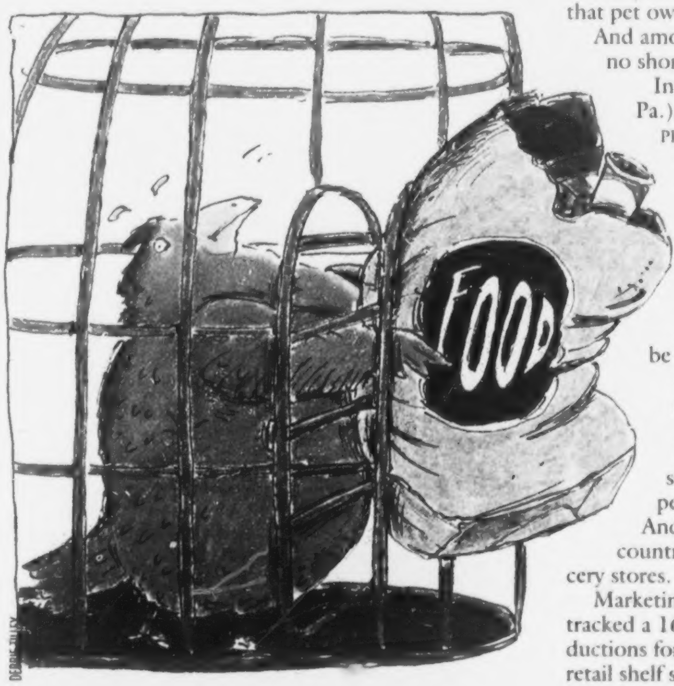
What kind of year was it for dog food sales? Rough. And cat food volume was nothing to purr about either. But brisk sales of accessories might make winning a bigger share of that business a pet project for supers.

Last year was supposed to mark the beginning of a new era in the pet food category. Backed with megabuck support and elaborate point-of-purchase displays, Ralston Purina (St. Louis), Kal Can Pet Care (Vernon, Calif.) and Quaker Oats Co. (Chicago) tried to lure those drawn to "superpremium" pet foods at specialty shops to newly- formulated lines available in the supermarket.

Well, the numbers are in and for the second consecutive year, they're disappointing. Pet food sales, which had grown 6.1 percent in 1989 but then edged up by only 0.7 percent in 1990, actually declined by 0.3 percent in 1991, according to SUPERMARKET BUSINESS's 1992 Consumer Expenditures Study (CES).

Setting the general tone for the category was the fact that its biggest gainer—dry dog food— posted a paltry 0.4-percent increase in 1991. And with gross margin averaging only 15.5 percent, compared to 19.5 percent for the entire category, incremental gross profits were a correspondingly dry $1.3 million for the year.

And that lethargic sales gain was easily negated by shallow declines for canned cat and dog food, and dry cat food. Worse still was the sharp decline of the premium-priced semi-moist pet food segment (-16.3 percent, to $256 million), a major contributor to the entire category's 0.3 percent decline.



DEBBIE TILLEY

A positive note was that cat litter posted the sharpest sales gains in dry grocery, with a 10.3 percent surge to $415 million. And there may be potential in pet accessories, which supplied a 7.5 percent increase. But supermarkets are currently reaping only a small portion of that high-margin bounty, with a meager 26 percent share, or $513 million, of the total $1.95 billion pet accessories market.

Lethargic growth

Other classes of trade notwithstanding, the major obstacle to category growth is the flat growth of the pet population itself. The numbers have fluctuated somewhat in recent years, but five-year averages show a slow, steady rise in the cat population (currently pegged at 62.4 million) and flat growth in the number of dogs (now at 53.3 million), according to figures cited by Ralston Purina.

But ever since packaged dog food was introduced in 1933, supermarket pet food sales have grown at a seemingly higher rate than the pet population.

The reason: manufacturers and retailers have successfully marketed now-"indispensable" products that pet owners never thought they needed.

And among the key suppliers in the field, there's no shortage of new ideas.

In June, Alpo Petfoods (Lehigh Valley, Pa.), a subsidiary of Grand Metropolitan PLC, launched what may be the first product in the pet beverages sub- category, Alpo Dairy Cat. The product comes in five-ounce cans ($.49), 10-ounce cans ($.89) and a multi-pack of four of the smaller cans ($1.89). And believe it or not, it's positioned for lactose-intolerant cats. Can frozen cat treats and refrigerated sports drinks for dogs be far behind?

Skeptics may scoff. But look at the pet snacks category. People now spend $455 million for pet snacks, $424 million of it—or 93 percent—in grocery stores. By contrast, boxed chocolates (for people) bring in $321 million nationwide. And only 44 percent ($143 million) of the country's boxed chocolate dollars go to grocery stores.

Marketing Intelligence Services (Naples, N.Y.) tracked a 16 percent rise in new pet product introductions for 1991, with 288 items competing for retail shelf space. This year, that frenzy has tapered

Pet Needs

down to a simmer. Instead of launching entire lines, most manufacturers are tinkering with new flavors, textures and treats.

Ralston Purina targets dog owners who buy both dry and semi-moist pet food with its updated Butcher's Blend and Butcher's Burger. Butcher's Blend combines crunchy and chewy nuggets in beef, chicken, bacon and cheese flavors, and is sold in clear plastic jugs as well as in bags.

In snacks, Ralston extended its Beggin' Strips with a bacon and cheese flavor recently, and packaged its Bonz treats in clear cookie-jar plastic in March. Along with better visibility and impulse purchases, consumers tend to lavish their pets with treats more frequently when the product is on the counter instead of tucked away in a cupboard.

Other classes of trade notwithstanding, the major obstacle to category growth is the flat growth of the pet population itself. The numbers have fluctuated somewhat in recent years, but five-year averages show a slow, steady rise in the cat population and flat growth in the number of dogs

Quaker's Advanced Nutrition Cycle is positioned, like Ralston Purina's O.N.E. line and Kal Kan's Expert, for health-conscious pet owners who want their animals to be at least as fit as they aspire to be. Quaker also blends chewy and crunchy textures with its Kibbles 'n Bits with Jerky. That item follows Quaker's lean-formula Kibbles 'n Bits line extension. And Big Snausages are for big dogs.

In Grand Metropolitan's Alpo line, Dairy Cat follows last year's introduction of Alpo Beef-Flavored Dinner, Alpo Protein Plus and Alpo Lean dry dog food. The company also introduced six Alpo Prime Cuts items in cans, along with two new dog treats. They include Beef Biscuits, which contain real meat, and Rawhide Chews. Both are available for small and large dogs.

Grocery stores are slowly but steadily losing share to competitors in the cat litter segment. Dollar growth in grocery stores rose 10.3 percent in 1991, compared to 10.7 percent for the cat litter market as a whole.

But if grocery stores claim a lower percentage of the $560 million cat litter segment than any other dry grocery pet product category, they still dominate with a 74-percent share. And with its higher gross margins (26.1 percent), few retailers are complaining about the new SKUs.

The clumping litter segment is driving sales growth in the cat litter segment, and now accounts for some 32 percent of total litter dollars, according to Patrick O'Brien, vice president and general manager of First Brand's A&M Pet Products division (Danbury, Conn.). Most of the growth, he notes, occurred in the last two years, as scoopable litter sales migrated from pet shops to grocery stores.

The main reason for the sales gains, he says, is consumer convenience, particularly for pet owners who are elderly or disabled. Instead of changing an entire litter box several times a month, clumping litters encapsulate waste. Once it's scooped away, the box requires minimal replenishment. One seven-pound jug will last six months for a medium-sized cat.

Along with consumer convenience advantages that extend from purchase to disposal, premium-priced clumping litters provide "very strong DDP advantages" to retailers, O'Brien notes.

As long as dogs already have fur coats, do they really need a Poochi fashion line? Maybe not, but that isn't stopping ConAgra Pet Products (Omaha) from generating strong impulse-driven demand for fun frills with its Sergeant's bandanas, caps, collars and leashes in fashion colors. Seasonal novelties, like Santa's hats and stuffed reindeer antlers, are also hot sellers. Most items are priced to sell between four and six dollars.

Other new items under the Sergeant's banner include cat shampoo (suit of armor for cat-washing pet owners not included) and "tearless" puppy shampoo. And under the company's Geisler brand, there's a new birdseed in more effectively-sealed packaging.

Other companies, such as the Lassie pet care products division of Carter Wallace (Cranbury, N.J.), offer new products that range from the frivolous—Lassie Cologne, in an eight-ounce pump spray—to the functional—four-ounce containers of Lassie Ear Wash. Five other new items include a tearless puppy shampoo, Tea Tree herbal shampoo with aloe and melaleuca, a puppy-sized slicker brush, and two new combs, one for getting rid of fleas.

With lively new product activity and margins averaging 45.5 percent, it would seem worthwhile for grocery stores, which still claim 90 percent of the pet food market, to pounce on pet accessories. Instead, their 26 percent share is slowly dwindling as grocery store dollar growth (7.5 percent) is edged out by the 7.8 percent growth of the category as a whole.

"More and more of the business is going outside of the supermarkets," says a Friskies spokesperson. "There's clearly a major opportunity for retailers. It's just a question of when they will wake up and defend these general merchandise categories from the mass merchandisers and pet stores." The latest entry in the battle for share? Specialty pet "superstores."

How can retailers prevent further erosion, and win share back? By cross-merchandising pet accessories with pet foods, by "taking slimmer margins to compete with the Wal-Marts and Kmarts," and by giving customers a choice with more than one pet care brand, the spokesperson says.

■ **FRANK HAMMEL**

Greeting Cards

Recession may be a factor, but other trade classes are still selling cards to more of their traffic than supermarkets. Suppliers still say it's all about space and selection, and some retailers agree.

Despite their lion's share of total customer shopping trips, supermarket retailers still settle for a kitten-sized portion of the highly-profitable greeting card business: $702 million or about 13 percent of the category's total of $5.27 billion in annual sales, according to SUPERMARKET BUSINESS's 1992 Consumers Expenditure Study (CES).

A Greeting Card Association (GCA) analysis of card sales by trade channel shows that card and gift shops still dominate, with 32 percent of the market. Drug stores follow, with 26 percent. Supermarkets edge out mass merchandisers, with 17 and 16 percent, respectively. Variety stores and department stores take up most of the remaining nine percent of the greeting card pie.

To compare greeting card sales with customer visits, think of a simplified retail universe with only three trade channels— supermarkets, mass merchants and drug stores. When you plug real-world data into that artificial model, the differences in greeting card sales are striking.

In that universe, supermarkets have 62 percent of the visits, but only 29 percent of the greeting card sales. Mass merchandisers have 21 percent of the visits, but 27 percent of the sales. Drug stores have a small 17 percent of the visits, but a whopping 44 percent of the sales.

On a per-visit basis, drug stores rake in 5.5 times more greeting card revenue than supermarkets; mass merchandisers bring in 2.7 times as much.

Even if you eliminate the 44 percent of supermarkets without full greeting card sections from the hypothetical universe, and re-compare dollars and visits, greeting card departments at drug stores are still 2.5 times as effective at turning visits into dollars, and mass merchandiser sales per visit are still 1.9 times as strong.

Those numbers give a feel for both the missed opportunity—and upside potential—for greeting cards in supermarkets.

Supermarkets losing share

As retailers with successful greeting card sections know, there's nothing inherently incompatible about supermarkets and greeting card success. Indeed, according to GCA, between 85 and 90 percent of greeting card shoppers are women. That would seem to make the category a good fit with the supermarket industry's female-skewed customer base.

But despite the opportunities, supermarket card sales continue to fall far short of their potential. And 1991 CES results were the most dispiriting to date.

Throughout the late 1980s, supermarket greeting card dollar growth was in the double-digits. In 1990, it slipped to nine percent, but still outpaced the six percent growth in dollars for card sales at all outlets. In 1991, despite an uptick in growth for cards at all outlets to 6.7 percent, the gain in supermarkets lagged at 5.9 percent.

By now, greeting card companies have a pretty good idea why it's taking so long for so many supermarket card sections to get well quick.

"It's the old issue of how much space retailers are willing to give to the category—selection is all-important," says Pat Papesh, vice president of marketing at American Greetings (Cleveland, Ohio). "With more space, you have

Continued on page 124

DEBBIE TILLEY

Greeting Cards

Continued from page 121

more selection. With more selection, the department has a bigger impact on the customer. With a bigger impact, you build up a loyal following of customers who purchase their cards there."

Retailers who've had a taste of success agree. "If you're going to have greeting cards, you have to really be *in* the business," says Claire D'Amour, vice president, corporate communications at Big Y Foods (Springfield, Mass.).

"You should have a good representation of the category so customers have enough of a selection to choose from," D'Amour says. "People won't even bother to shop the greeting card section if it's only four feet wide. They won't even bother with the exercise."

Ideally, the department will be near the entrance, but not so close to the front end that the paper goods are affected by direct sunlight. Another good spot is near, but not right along, a busy traffic aisle.

"If consumers feel they can find an adequate selection of greeting cards, we believe they will buy them there," says American Greeting's Papesh. "But they can get turned off quickly if they can't find what they want. And sometimes, they won't even try. They'll take one look at a small section and decide there can't be much there."

Big stores, bright prospects

Big Y sells greeting cards in all of its stores, and is putting a major emphasis on its card departments in newer units. "As we build larger stores, we keep expanding the departments. Especially in the last year—we've expanded every aspect of it, with gift wrap, bows and some of the miscellaneous things," D'Amour says.

At the 62,000 square-foot Big Y which opened last November in Worcester, Mass., the greeting card department measures 150 feet. Because cards are so closely associated with gift-giving, the department can be spiced up with seasonal displays of just about anything you'd expect to find in a gift shop.

"We've added some merchandisers on top of the racks, custom-made to fit our merchandising plan, and it's worked out well," she says. "We sell a lot of giftware items, dried flowers, and seasonal items that way." (For photo, see SUPERMARKET BUSINESS, May 1992, page 172.)

Most supermarket greeting card sections, by contrast, are growing slowly in size, and are sticking to the basic card lines, according to card manufacturers.

"Supermarkets haven't kept pace, in terms of increasing space," Papesh adds. Retailers in other classes of trade, she says, sometimes have as many as three aisles running the full length of the store, just for cards. "Then here's a supermarket with 20 linear feet devoted to the entire category."

Location, location, location

Along with expanded size and product selection, three other factors can influence a greeting card center's success, according to Peter Gaietto, director of store environment for Gibson Greetings (Cincinnati)—Location, location, location."

He notes that supermarkets are often reluctant to allocate prime shopping space to card sections. But while greeting cards aren't always considered a core part of the image food retailers want to present, the departments are becoming a better fit with consumer needs as fewer have time to browse leisurely for cards at other retail outlets.

While the ideal spot may differ with each store and its merchandising mix, American Greetings has several rules of thumb.

Ideally, the department will be near the entrance, but not so close to the front end that the paper goods are affected by direct sunlight. Another good spot is near, but not right along, a busy traffic aisle. If customers see the department (or its signs), they will investigate. And if the greeting card aisle itself is unrushed and tranquil, they will linger and buy.

"We always like it if it can be near related products, where women stop and browse, such as a health and beauty aids area, or something like school supplies," Papesh says. Another tip: Don't try to mix greeting card warmth with the chill air near high-powered coolers. "People like to move through the freezer area pretty fast, and greeting cards are something you like to stop and browse through."

Along with their attempts to cajole retailers into expanding their greeting card departments, manufacturers are also working on merchandising programs that use every inch of the space they do get as effectively as possible.

A case in point is Ambassador Cards, a division of Hallmark (Kansas City) and their new Strike Zone program. Geared for retail sections measuring less than 40 feet, it will be the first to integrate traditional and "alternative" cards as it expands into retail stores this Fall. It uses the "shopper-stopper" pop-out signs that Ambassador developed earlier this year, each marking cards for a sending occasion.

Along with the organized-rainbow effect, the pop-out signs feature four-color snapshots that also help identify the sections. "Kid's Birthday," for example, has a cluster of youngsters, who are smiling and tooting noisemakers, wearing party hats and holding balloons.

Those touches make the merchandising program particularly well-suited to customers who need to find the right card right away, rather than those who prefer to indulge in leisurely browsing.

"When you're in a grocery store with your children, and the ice cream is melting, you have to get what you need right away," says an Ambassador spokesperson.

■ **FRANK HAMMEL**

Photo/Film Processing

Pricing pressure is impacting film sales and profits in supermarkets, but the loyalty factor produced by good instore mini and micro-lab configurations can brighten the picture.

For years, supermarkets have been able to earn steady sales in photo supplies and processing, from consumers who appreciate the convenience of "one stop" shopping.

But volume has been the key to profits in a category where margins on film—never huge to begin with—have been held in check in recent years by competition and consumer price sensitivity.

And there's the rub. As other retail classes continue to commit more dollars to film/photo—notably with instore processing services—supermarket general merchandise managers have found some cause to be anxious about their film business.

But the convenience and quality of instore processing by supermarkets may well provide the hedge against strict price-oriented assaults.

Despite their price sensitivity, amateur photographers take their picture-taking seriously. Surveys have shown that consumer brand recognition and brand loyalty is higher for film than for almost any other nonfood category in the store. And once they've fired away with their favorite film, they want to go to a lab they can trust to have it developed.

The benefits of mini-labs for mass merchandisers have had as much to do with increased sales of film/photo supplies and increased business in *outlab* processing, as with the actual capture of the one-hour or same-day service provided by the instore labs. In short, the labs stimulate total market share.

A growing number of food retailers are least studying the opportunity inherent in instore processing, which has become more attractive as technology breakthroughs, such as the newer micro-labs, have made the store service less labor-intensive.

"We have explored this notion just recently with Qualex. We think instore processing has some merit. It seems to work in our competitors' stores. We're just not sure we're ready to jump into it yet," says Norman Carpenter, who directs general merchandise for Rosauer's Supermarkets (Spokane, Wash.).

Bill West, merchandiser for Seaway Food Town, (Maumee, Ohio) has been testing mini-labs in three stores for a year and a half, observing "surprising" synergistic growth in the stores' outlab business. "Instore labs seem to be very important in supporting the one-stop shopping concept," he says.

Into the process

Publix, Wegman's, Meijer, Hannaford Brothers, and Randall's are among major food retailers that have offered full-fledged instore programs for several years, a major reason for their substantial progress in the film processing market.

Addressing the fact that cost control is a major concern in in-store processing, such micro-lab configurations as those developed by Noritsu and Gretag, and utilized in the retail store packages offered by Qualex (Durham, N.C.), can be operated by store associates also dedicated to other departments, holding down labor and training costs.

But new mini-lab features are also addressing the cost problem head-on. In its new minis launched in February—the SFA 250 and 270—Fuji Photo Film USA, (Elmsford, N.Y.) designed in a "video monitoring system" that eliminates the need for a lab associate to correct for print color and density from a negative.

Instead, the technician views developed negative exposures on a nine-inch screen that shows what the film will look like as a print, and makes color and density corrections right there.

The system makes the fine-tuning process easier to learn and execute, and

DEBBIE TILLEY

Photo/Film Processing

lessens waste as more prints come out right the first time, says Bill DiMinno, director of mini-lab sales for Fuji.

The video monitoring system is but one example of a stream of new products in film/photo that create category interest among both retailers and consumers.

By August, camera stores will be selling the photo CD players that mate with the system developed jointly by Kodak and Philips NV, according to a Kodak spokesperson. "This technology will increase film and camera sales. People will want to take more pictures," he predicts.

> **Consumer brand recognition and brand loyalty is higher for film than for almost any other nonfood category in the store. And once they've fired away with their favorite film, they want to go to a lab they can trust to have it developed.**

Presently, the vendors are selling wholesale labs the equipment that will be used to transfer images from 35mm film into photo CD disks, which hold about 100 images each. The consumer must buy a photo CD player, which is used to project the still images on the television screen.

But Fuji is not convinced of the technology's near-term potential. "We are not convinced that photo CD in its current state is truly a consumer product as such," says Manny Almeida, group manager, Fuji Video Products Group, adding that company has no plans to enter the photo CD consumer hardware market.

Almeida also argues that consumers who want to put images on their television can pay a few hundred dollars for camcorder. Consumers like hard copy they can share with their friends and family. Slide film is only three percent of the amateur market in the U.S., Almeida notes.

Regarding yet another equipment development, Kodak says its $50,000 Create-A-Print photo enlarger will provide retailers with high-margin photo enlargement business, as well as as sales of such related items as frames. Wegman's is among chains testing the machine, which prints enlargements in five minutes, says Kodak's spokesperson.

For singles only

New single-use models continue to add fuel to the hottest camera subcategory, which has been growing at a 30 to 50 percent annual rate. "The category is just absolutely skyrocketing in growth," says Rod King, senior marketing manager, photographic products division, for Fuji.

Fuji now offers five cameras in its Quick Snap line. Kodak's Fun Saver line was enhanced in January with the Tele Foto 35 camera, which facilitates close-up pictures of distant subjects. Kodak's Panoramic 35 single-use model, on many store shelves this year, provides a 75 degree angle of coverage, twice as wide as standard, for three by 10-inch prints.

Konica USA will launch three new single-use cameras, with $1 consumer rebates, in its Film-In line—one with a flash, a "panoramic" unit, and a 36-exposure model, says Paul Gordon, advertising and marketing manager for Konica.

The success of the single-use camera rests partly with the fact that consumers can't help but perceive value in cameras that retail for $11 and under, yet take 35mm film pictures equal in quality to those from a low-end, lens shutter "point and shoot camera."

The other sales-driving factor is that their disposability makes them suitable for use in situations where photo buffs would fear damage to a more expensive camera. And that's especially good news for retailers because it means single-use buyers are generating incremental film and processing sales, says King.

With consumer awareness of the cameras still at only 60 percent, Fuji kicked off a television ad campaign this summer to build exposure. "Many retailers have these planogrammed with film, and consumers are confusing them with (film) multipacks. We recommend that they dedicate a separate center, and cross merchandise," King added.

Another camera that has proven popular with merchants is Polaroid's One-Step Flash instant camera, recently enhanced with a built-in close-up lens for taking shots from two to four feet, and now priced to sell at under $30, says a spokesperson.

With film sales flat for the last two years, the industry is seeing a trend toward more aggressive pricing.

Price is right

"We all have to respond to the recession to drive volume. Our coupon redemptions are up 25 percent, an indication the consumer is straining, and intently looking for value," says Fuji's King.

Konica is offering one-dollar cash rebates on every roll of its Super SR film, which the vendor, a large maker of private label film, has created to enter the amateur photographer 35mm film market this year.

Supermarkets have to be willing to experiment to build film/photo sales in this climate. Rosauer's Supermarkets this summer will mount tie-in advertising on a Kodak program running through Labor Day, that features the vendor's film, single-use cameras, and tapes. Gold Plus film and single-use cameras will be hung on end-cap power panels around the stores, says Carpenter.

"This is a new program for us. The Kodak people have been telling us for some time that the real key for getting extra sales is to have secondary locations away from the film rack. So we're going to give them a chance to prove that," Carpenter says.

■ **David Vaczek**

Produce

Neither droughts, freezes nor overblown health scares—or even recessionary conditions— have succeeded in thwarting the produce department's sales and profit performance.

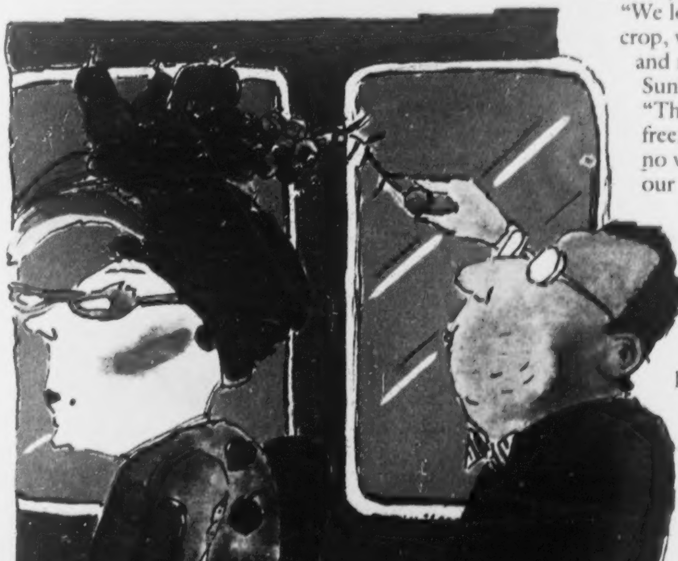
Produce continued as a growth and profit-margin star in 1991, despite the recession and the effects of weather conditions that slowed down the banana business and hammered the citrus industry.

"Consumers still realize that produce departments feature the healthiest items in the supermarket," says George Dunlop, president of the United Fresh Fruit and Vegetable Association (UFFVA), Alexandria, Va. "They're now more aware of the fact that the number one health problem in this country is obesity, and that eating more fruits and vegetables on a daily basis can significantly lessen that problem."

Selling health

Dunlop feels that retailers have done an outstanding job in responding to consumers' concerns about health and nutrition through what he calls "health marketing," in the form of nutrition labeling and clever promotions.

Another plus for the industry, he said, has been its ability to overcome negative publicity (such as the Alar scare three years ago) through strong communication links with government agencies and trade associations. "I think we as an industry have done a significant job in regaining consumer confidence and maintaining it through education and the establishment of advocacy groups such as The Center for Produce Quality," Dunlop says.


DEBBIE TILLEY

Jo Natale, a spokesperson for Wegman's Food Markets, Rochester, N.Y., agrees. "Customers are not expressing as much concern over pesticide residues as they were a few years ago," she says.

Part of the reason, Natale asserts, stems from the fact that consumers are better informed. "They've learned about integrated pest management and related issues," she says. "There's always fear of the unknown, but when you study something and learn more about it, fear diminishes."

Dunlop also adds that some significant battles have been won during the past year in the areas of nutrition labeling and international trade. "The voluntary aspect of nutrition labeling is working well, and we're also pleased with the recent North American Trade Agreement," he says. The agreement, he adds, will play a significant role in reducing tariffs and allowing the United States to gain access to previously-closed Mexican and Canadian markets.

Orange crush

A devastating freeze walloped the citrus industry during the Winter months, followed by a remarkable recovery partly attributable to aggressive educational and advertising campaigns by retailers, helped along by suppliers such as Sunkist Growers, Van Nuys, Calif.

"We lost almost 50 percent of our orange crop, which consists primarily of valencias and navels," notes Barbara Robison, Sunkist's manager of consumer affairs. "The primary growing area affected by the freeze was the San Joachin Valley. We had no valencias from that region at all. But our greatest loss was in lemons because there was a lot of tree damage.

"Our tangerine and grapefruit supplies from the San Joachin Valley were also hurt, but we did manage to get some good supplies from the Coachella Valley around Palm Springs. We're in the midst of harvesting a new crop of valencias right now, but the problem is they're running small, which makes them difficult to market," she said.

Another problem, Robison adds, is what she terms a "re-greening" of some valencias from the Coachella Valley. That happens when chlorophyll returns to an orange tree and, subsequently, to the fruit. It's caused by warm ground temperatures. "That crop bloomed a year ago, but we had a hot

Produce

summer which led to warm ground temperatures," Robison notes. "Because of the green coloring, consumers think the oranges aren't ripe, but they really are. In fact, not only are they ripe, but they're very sweet. That misconception has hurt sales somewhat.

To help retain sales of the crop, Sunkist provided retailers with cards that explained the ripeness of the oranges in spite of the strange coloring. In addition, the company suggested that the retailers cut up the oranges and let customers sample them.

> **"Consumers still realize that produce departments feature the healthiest items in the supermarket. They're now more aware of the fact that the number one health problem in this country is obesity, and that eating more fruits and vegetables on a daily basis can significantly lessen that problem."**

Robison adds that once customers tasted the fruit and realized it was fine, sales picked up.

What's more, she reports that sales of all Sunkist products are gaining momentum thanks to some smart packaging ideas and slick television advertising.

For starters, Sunkist introduced a new orange bag that contains a coupon which can be used toward a customer's next purchase of oranges. The grower also provides a mail-in coupon for a lemonade kit within its lemon bags. The kit includes a squeezer and lemon grater.

To address consumers who may have questions regarding safety, sanitation, nutrition labeling, storage, and handling among other concerns, Sunkist has set up a toll-free hotline.

Three cleverly-produced television commercials—two dealing with oranges and one with lemons—have also figured prominently in re- positioning Sunkist as a major grower.

"Our first orange commercial was titled 'Pleasant Experiences' and it featured a woman sharing an orange with her child," says Gee Winands, Sunkist's domestic advertising manager. "It conveyed an emotional, relaxed atmosphere coupled with the refreshing and energizing aspects of eating oranges. The second spot, titled 'Promises,' featured luscious close- ups of oranges that seemed to spill over into the viewer's living room. That commercial was selected by *Adweek* as one of the best TV ads during February."

"So far, we've drawn very high accolades from both consumers and retailers regarding the commercials," Winands says. "We're in the process of tracking orange sales since the commercials, and so far, they're up."

Banana sales are also picking up, after the double whammy that hit the industry last year; poor weather conditions in major growing areas, and then low prices due to an oversupply of product from other markets.

"Costa Rica had some cold weather last year, coupled with flooding in Ecuador and drought conditions in Columbia," says Alvaro Acevedo, a spokesman for Turbana, Coral Gables, Fla. "Those conditions had a definite impact on our sales. However, things are pretty stable right now."

Acevedo points out that Turbano has begun to actively promote plantains and red bananas among retailers and consumers through brochures that feature recipe ideas. "Consumers don't realize that plantains are really vegetables, and have to be cooked as vegetables," Acevedo points out.

What's unique about them, Acevedo adds, is the fact that they can be used during all ripening stages, as opposed to other vegetables and fruits. The vegetable's ripening stages are indicated by three colors: green, yellow, and black. Acevedo strongly recommends using plantains as a starchy side dish during the green stage; a sweeter side dish during the yellow stage; and as a dessert or sweet-potato- like item during the black stage.

"The idea is to show the consumer, as well as the retailer, that plantains afford a lot of flexibility," Acevedo says. "Educating people about the plantain's unique properties has been a slow process because its applications are fairly new to them. But we're slowly gaining ground."

Chiquita Brands Inc., Cincinnati, Ohio, has just introduced a new line of smaller bananas called Chiquita Juniors. "They're about seven inches and smaller compared to the normal nine inches," says a Chiquita spokesperson. "Through research, we discovered that children and seniors don't finish bananas, so that's why we're introducing smaller ones."

Lettuce lament

While oranges and bananas are performing fine, the iceberg lettuce business "stinks," says Matt Seeley, director of marketing with Nunes Co., Salinas, Calif.

"Our biggest problem as an industry is that we overproduce, and then we drop the ball in terms of promoting," Seeley adds.

According to Seeley, a good deal of the problem stemmed from the failure of the now-defunct California Iceberg Lettuce Commission.

"The commission had the use of $20 million in grower funds, and it did absolutely nothing to reach the consumer for 13 years," Seeley asserts.

By way of contrast, he points out that broccoli's cancer-preventive properties and other health- related benefits have reached the consumer largely through the efforts of packaging companies. "They carried the torch for broccoli, not a 'California Broccoli Commission,'" Seeley adds. "We've had to rely on the American Heart Association and the American Cancer Society to tell our story. I hope the 5-A-Day program helps."

■ **Richard Petreycik**

Seafood

Although sales results varied greatly among individual retailers and suppliers, total volume was up by more than seven percent in grocery stores in 1991— not bad considering consumers' cutbacks, and *Consumer Reports*' haymaker.

Exactly which "objective" sources do consumers believe when it comes to the quality and safety of fresh seafood in supermarkets?

Is it *Consumer Reports*, which branded supermarket seafood untrustworthy in a controversial report in its February 1992 issue? Is it the Food & Drug Administration (FDA), which labeled the publication's conclusions alarmist?

Judging from the widely skewed 1991 category performance reports from the field—some indicating no problems, others in the doldrums— it's hard to tell.

As for the numbers themselves, our results for the year certainly do not paint a portrait of disaster for the category. Sales of fresh fish and other seafood in the nation's grocery stores totaled just over $4 billion, an increase of 7.5 percent from the 1990 total. Considering the furor, not to mention other oft- discussed problems, such as consumers' lack of confidence in preparing fish, and the need for more knowledgeable people at the retail level, the results were, on balance, fairly good.

Some retailers, wholesalers, and suppliers are in agreement that consumers are not necessarily buying less seafood, but that economic considerations have guided them toward such lower- priced varieties as tuna, salmon, pollock, and cod.

"Our sales in seafood during the past few months have been basically flat because of the tough economy in New England," said Mark Alexander, seafood buyer and merchandiser for Hannaford Bros., (Scarborough, Maine). "Seafood is expensive, compared to other local favorites such as chicken and macaroni. Consumers interested in seafood are trading down. They're purchasing haddock at $5.99 a pound instead of more expensive items. Salmon is another low-ticket item that has been doing well in our stores, while hake, pollock, flounder, and cod just keep right on rolling."

Similar buying of lower-priced seafood items has also been evident on the west coast. Rico Pastorino, seafood director for Hughes Markets (Los Angeles), concurs that value and price are major concerns among recession- ridden consumers.

"A lot of people are downsizing their seafood purchases," he says. "They're buying ground fish fillets, snappers, cod, and Dover sole—which are all within the three-to-five-dollar per pound price range—as opposed to more expensive items in the seven to 10- dollar range, such as swordfish and halibut."

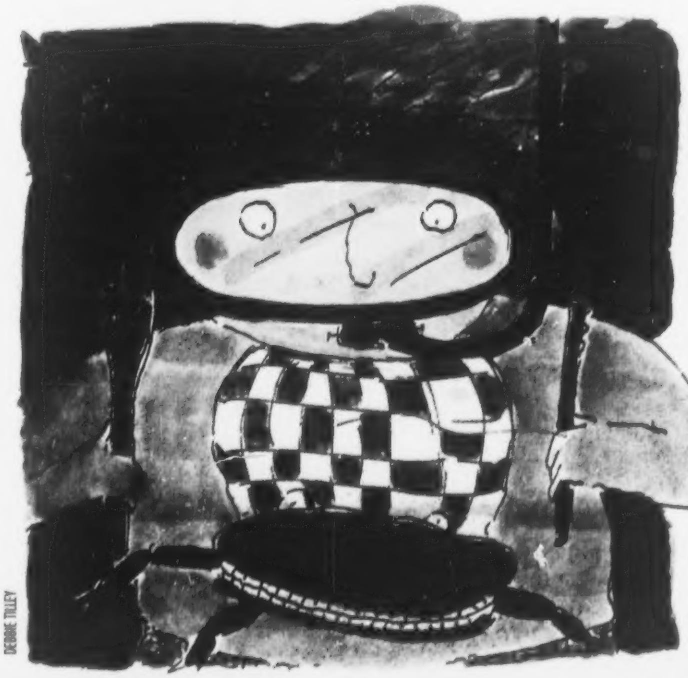
"These days, shoppers are looking for value," adds Michelle Gruenke, vice president of sales and marketing, Morey Fish Company, Golden Valley, Minn. "They're looking to spend about three dollars, and that's it. Salmon, catfish, and shrimp fit nicely into that price bracket, and they've been quite popular."

Despite the fact that consumers may be turning to less-expensive seafood items, some operators say this has not necessarily adversely affected sales.

"We're doing real well in our stores," notes Al Kober, meat and seafood buyer/merchandiser for Clemens Markets, Lansdale, Pa. "In fact, our seafood sales are running 24 percent ahead of the same period last year, which is well above what we projected. Our top sellers include salmon, orange roughy, flounder, catfish, and shrimp.

So what about the effects of, and the industry's response to, the broadside by *Consumer Reports*?

To summarize, the article attacked retail seafood departments' handling and display practices, reporting that 30 percent of the fish purchased during its investigation was poor in quality, and that nearly half was contaminated by bacteria. In



DEBBIE TILLEY

Seafood

addition, it stated that traces of PCBs and mercury were found in several species.

The seafood industry responded with guns blazing. "The article was a real travesty," says Clair Vanderbeek, vice president of communications for the National Fisheries Institute (NFI).

"First of all, whoever conducted the investigation used the APC bacterial count method as part of the research, and government agencies have never incorporated that method as a quality indicator. There's no regulatory agency in the world that uses that method. Had *Consumer Reports* investigated the meat and poultry industry, it would have found much higher bacterial counts because of the higher degree of processing.

In 1992, the FDA spent $45.5 million on seafood inspections compared to $22.5 million in 1990. The number of inspections also rose from 300 in 1990 to 477 in 1992—a 59 percent increase. The agency has opened a separate office that will focus exclusively on seafood, reportedly a first.

"In fact, the Food and Drug Administration performed a recent risk analysis of the seafood and poultry industries. It found only one illness per two million servings of cooked seafood compared to one illness per 25,000 servings of cooked poultry. What it all comes down to is proper handling and preparation," she said.

David Ptak, vice president and general manager of Chesapeake Fish Company, San Diego, Calif., says one way the seafood industry responded to the damaging article was through the distribution of an 80-page booklet on seafood safety by the California Fisheries & Seafood Institute, a 275-member retailer-wholesaler-supplier organization, of which Ptak is president.

But Ptak says that sales were in fact very slow for nearly a month following the article's publication, and there are retailers who will admit that there was a serious impact, at least as measured by their own results.

"People are really skeptical about buying seafood now," notes Hughes Markets' Pastorino. "And on top of the *Consumer Reports* article, a staff writer for the *Los Angeles Times* has been bashing the seafood industry at least once a month. It's become a real battle zone out here. People are returning seafood they've purchased at our stores because they think something may be wrong. It's become a mindset."

On the other hand, some industry observers say the article only minimally affected sales. "It didn't really have that big an impact on our operations," says Peter Masson, director of marketing for Coldwater Seafood Corporation (Rowayton, Ct.). "For maybe a few days, people were asking questions about safety, but that was it. In fact, our business has picked up. I don't think the article was well prepared, and people picked up on that."

Morey's Gruenke agrees. "I think the impact was felt quickly, and then it went away quickly," she says. "Consumers have heard so much negative publicity about everything they eat. As a result, they're getting frustrated. They're starting to ask, 'Well, what *can* we eat anyway?'"

Alexander of Hannaford Bros. adds that after the report appeared, seafood sales were soft for about a week, and then rebounded quickly.

In general, retailers, wholesalers, and suppliers continue to emphasize that education of consumers, and proper training and follow-up with store personnel, are the keys to boosting sales and diffusing adverse publicity in the seafood arena.

"Education of personnel in the handling and storage of seafood is first and foremost," Ptak says. "Most retailers know what they're doing, but I've seen a lot of operators merchandising seafood out of the meat case. Those types of cases simply aren't designed to handle seafood from a regrigeration standpoint."

Clemens Markets offers seafood clerks a comprehensive training program that includes tips on proper handling, storage and sanitation techniques, as well as tours of fish processing facilities, including the M.F. Foley plant in New Bedford, Mass.

In addition to proper training, most retailers agree that mandatory federal inspection, although not a reality at this point, will have a positive impact in terms of increasing consumer awareness and, consequently, seafood sales.

"I'd welcome mandatory inspection for the simple fact that some of our competitors are buying lower grades of seafood products," Hannaford's Alexander says. "Consequently, consumers are associating our seafood products with theirs. Mandatory inspection, however, would put everybody on the same level playing field in terms of quality and product consistency. That would also translate into sales increases for everybody," he said.

In the meantime, the FDA will continue its aggressive inspection tours of processing facilities. "The FDA's inspection program has grown tremendously during the past couple of years," Vanderbeek notes.

In fact, in 1992, the agency spent $45.5 million on seafood inspections compared to $22.5 million in 1990. The number of inspections also rose from 300 in 1990 to 477 in 1992—a 59 percent increase. Further, the FDA has opened a separate office that will focus exclusively on seafood-related issues, reportedly a first.

Vanderbeek said that "In 1991, the FDA inspected over 3,500 retailer, wholesaler, and processing facilities. According to its findings, 95.2 percent were in compliance.

■ **Richard Petreycik**

Snack Foods

Consumers are still reaching for munchies, both old favorites and interesting new varieties. But they're also looking for the best deal, and that's taking a bite out of the category's margins.

If it's not new, make it exciting. That philosophy propelled the snack food industry over the past year, giving rise to a host of new products, reformulations and marketing campaigns aimed at invigorating existing lines. The result of all this activity, coupled with continued price discounting, has been a healthy gain in pound volume and a smaller increase in dollar sales overall in 1991 and into 1992.

New product introductions met with great success over the past year, creating welcome new sources of revenue for several of the industry's major manufacturers. Keebler Company, based in Elmhurst, Illinois, has been particularly active with a growth strategy driven by product innovation.

In 1992 alone, Keebler has announced the introduction of eight new products ranging from the cookie product, Sweet Spots, to new pretzel offerings and additional flavor varieties in its O'Boisies, Club Crackers and Town House Crackers lines.

Quangles is Keebler's entry into the new multigrain chip category, pioneered by Frito-Lay's Sunchips. The multigrain market has taken off in the past two years and Keebler has high sales expectations for Quangles, now offered in Original and Monterey Ranch flavors.

Quangles is just the latest in Keebler's parade of new products. Pizzarias, virtually the only pizza chip on the market, won the company a “Golden Edison” award from the American Marketing Association in 1991. According to a spokesperson, new, one-of-a-kind products such as Pizzarias are the key to the American consumer's insatiable appetite for experimentation. “The competition is fierce,” he observed, “but on the other hand, there's a lot of opportunity.”

DEBBIE TILLEY

Frito-Lay Inc. has created its own opportunity with Sunchips, its multigrain innovation. According to the company, Sunchips posted a remarkable $100 million in sales in its first year on the market. To capitalize on the fast start, Frito-Lay is putting its highest ever second-year advertising budget behind the product, while also introducing a new harvest cheddar flavor, a spokesperson said.

The marketing strategy behind supporting Sunchips relies heavily on extensive couponing and sampling campaigns, the latter being conducted in part with American Airlines. According to the company, in today's market “trial is key.” Hence, Frito-Lay's choice of sampling promotions that are backed by such catchy advertisements as Sunchips' 15-second word-play television spots.

The multigrain category shows every sign of becoming an established part of the snack world as other major snack companies rush to get their products on the shelves. Borden rolled out its Graingers snack this year, eager to grab a part of snack food's largest growth area. A company spokesperson noted that products such as Graingers also fulfill retailers' demand for “new products that generate incremental volume for the total snack category.”

The potato chip segment, which is the category's largest, continues to be buffeted by fierce price competition. But despite painfully slim margins, manufacturers have unleashed a flurry of reformulations and line extensions to breathe some life into the market.

Frito-Lay has been busy “reinventing the chip” by upgrading its offerings with a higher-quality potato, an improved cooking process and more dense packaging, according to its spokesperson. To make the consumer try the reformulated chip, Frito-Lay launched its updated “Too Good To Eat Just One” advertising campaign this summer, featuring basketball greats Kareem Abdul Jabbar and Larry Bird.

Similarly, the company hopes to boost sales of Ruffles potato chips with a catchy “Get Your Own Bag” ad campaign that depicts a series of humorous situations. And-

Frito-Lay considers its Ruffles Lite product a breakthrough as a "better for you" snack product that also tastes good. He notes that most snack consumers are not willing to trade-off taste for a healthier bite.

Borden is in the process of launching a new national potato chip brand under the company name. In what remains a strongly regional market, the new product will supplement Borden's current national offerings, including Krunchers, as well as its popular regional brands. The company is also coming out with new products under the Borden name in other snack categories in an effort to improve its access to multi-regional chains.

Keebler's main focus in the potato chip segment was the addition of a cheddar flavor to its O'Boisies line, while Eagle has extended its line with an Eagle Thins Sour Cream and Onion chip.

Growth in the tortilla chip market has been driven by restaurant style chips, with Frito-Lay's Sanitas and white corn Tostitos leading the pack. To invigorate lackluster sales numbers in its Doritos line, Frito-Lay reformulated the nacho cheese product and brought in heavyweight George Foreman to spearhead a new advertising campaign.

Frito-Lay's "try it and see" emphasis was once again in evidence in its give-away campaign on May 2. The company recruited 13,000 employees to pass out samples of the "new" Doritos at supermarkets across the country. Its spokesperson called the promotion "a big success in terms of communicating to the consumer that you (the company) really believe in the product." He added that retailers seemed equally impressed with the campaign.

Frito-Lay also promoted Doritos in its special 1992 Super Bowl "Counter-challenge." The live comedy show sponsored by the company on the Fox television network garnered an impressive 40 ratings share during the Super Bowl halftime break, energizing sales of Frito-Lay's flagship tortilla product.

Anheuser-Busch's Eagle Snacks has taken a determined shot at the tortilla chip market and now claims a five percent market share, according to president Kevin Bowler. This places Eagle second only to Frito-Lay in the tortilla category. Eagle's fastest growing entry there is the El Grande premium restaurant style chip.

While sales of low-salt chips grew at a strong clip in 1991, rising 36 percent according to the Snack Food Association (SFA), no-salt and low-oil varieties both experienced a decline, giving credence to the notion that although the consumer may think about nutrition, taste is still what counts.

According to the Food Marketing Institute's "Trends '92" survey, shoppers are reducing their consumption of snack foods while eating more fruits and vegetables. At the same time, 77 percent of those surveyed said that taste outweighed nutrition and 75 percent ranked taste higher than price as a consideration when selecting products.

When asked about the importance of the salt, fat and cholesterol content of their food, consumers delivered decidedly mixed responses, indicating that nutritional considerations don't necessarily translate into any specific changes in buying behavior.

The one industry segment that has benefitted from a more health-conscious population is pretzels. In 1991, the SFA reported that pretzels turned in a surprising 25.6 percent jump in dollar sales and an 18.5 percent gain in pound volume. Two factors are working in favor of the pretzel today—low fat and low price. And the segment's renewed appeal to consumers has not escaped manufacturers.

According to Borden, its pretzel sales in '91 were up 35 percent from the previous year, prompting the company to reopen a dormant production facility. Since acquiring Quinlan Pretzel Company of Denver, Borden has aggressively promoted its products with temporary price reductions and strong distributor incentive programs. Its spokesperson said the company feels that "Price is the major factor. The consumer is going to buy what is perceived to be the best value."

Eagle's Bowler expressed alarm that price-cutting in this as well as other snack market segments is allowing tonnage growth to surpass that of dollar sales. Still, Eagle boosted its presence in the pretzel market in the past year by introducing a new line of stick, twist and Bavarian sourdough products.

The potato chip segment continues to be buffeted by fierce price competition. But despite painfully slim margins, manufacturers have unleashed a flurry of reformulations and line extensions to breathe some life into the market.

Frito-Lay also targeted the growing number of pretzel fans by beefing up promotion of its Rold Gold brand, and Keebler revamped its pretzel line to include two new items, traditional knots and Bavarian pretzels.

The pretzel is also being parlayed into a new kind of snack, the "chip-cracker crossover," as exemplified by Nabisco's Mr. Phipps. This new "pretzel chip" was one of several popular product introductions in the past year that make crackers more snackable. Snacklin' Cheddar Cracker Chips is Keebler's latest foray into this area.

Yet another attempt to spark consumer interest in snacks is a new wave of bite-sized products. Easily consumed, the bite-sized product has quickly proliferated on both cookie and cracker shelves. Virtually all of

Continued on page 164

Soft Drinks

Big bottlers and retailers alike know that the days of double-digit sales growth for traditional colas are over. And for many, the "new wave" of growth in the soft drink category is quite clear.

The two major U.S. soft drink manufacturers, Coca-Cola (Atlanta) and Pepsi (Somers, N.Y.), are finding their overall sales and earnings buoyed by a rising tide of overseas demand.

And that's good news for them, because after years of healthy sales increases spurred by diet and caffeine-free line extensions, the cola market has evidently matured. And while the latest "new" Coke, called Coke II, will turn heads as did Pepsi's redesigned packaging, neither will jolt cola—and total soft drink sales—back to the double-digit increases of yesteryear.

With this now slow-growing cola segment at its core, dollar sales for soft drinks in supermarkets grew 3.7 percent, to $12.5 billion, from 1990 to 1991, according to SUPERMARKET BUSINESS's 1992 Consumer Expenditures Study (CES). While respectable, especially given the huge volume base, it nevertheless was flatter than the category's 5.2 percent gain from 1989 to 1990.

A closer look shows that canned soft drinks lost the most effervescence from 1990 to 1991. Sales growth stumbled from an 11.9 percent gain in 1990 to 1991's flat 2.1 percent increase.

Canned diet soda, which grew 12.6 percent in 1990, slimmed down to a 2.9 increase in 1991. But that still beat canned sugared's skimpier 1.4 percent gain. Diet bottled sodas also outpaced sugared, by 2.3 percent vs. 1.2 percent.

DEBBIE TILLEY

The real sparkle in the category this year is at the fringes. Private label brands have picked up at least a point in market share from 1989 to 1991—industry estimates put the new total at 7 to 8 percent—and retailers can expect further gains as the major brands and bottlers try to raise prices to a consuming public demanding value.

"New Age" beverages, meanwhile, have come to life, linked with the growing popularity of bottled water. Each is considered a healthy alternative to both the untrustworthy stuff coming out of the faucet and to heavily sugared colas and traditional soft drink flavors.

Hot growth for cold drinks

Iced tea and coffee are also showing dramatic potential, despite the lagging sales of their hot-beverage counterparts. Bottled and canned tea, led by an all-natural, multi-flavored line from Snapple (Valley Stream, N.Y.), surged 34 percent by early 1991 and posted 1991 sales of $400 million, according to Nielsen Marketing Research.

The triple-digit sales gains of Snapple's iced tea products didn't escape the attention of the industry giants. In early 1991, Coca-Cola formed a joint-venture company with Switzerland- based Nestle. By January 1992, the new Coca-Cola Nestle Refreshments Co. (Tampa, Fla.) made its first big U.S. product introduction, Nestea Iced Tea. The product, with natural lemon flavor, comes in sugared and Nutrasweet options, packaged in cans, bottles and refrigerated cartons.

Also in early 1992, Pepsi and Thomas J. Lipton (Englewood Cliffs, N.J.) formed a partnership to distribute canned Lipton Brisk Iced Tea, which Coca- Cola had dropped. The Pepsi/Lipton partnership also introduced a new, brewed version called Lipton Original. "It's made the same way you would make it in your kitchen," says a spokesperson. "They strain it, and bottle it immediately, with no preservatives."

While directly competitive with Coca-Cola's Nestea, Lipton Original has an unsweetened version as well. But in stark contrast to its end-game with Coke in the brown cola segment, "there's a lot of room to grow in the ready-to-drink tea market," he said.

Others pooling tea-making resources this year include A&W Brands (White Plains, N.Y.) and Tetley (Shelton, Conn.), with a new six-item line, and VIHO Beverage

Soft Drinks

Co. and 4C Foods Corp. (Brooklyn, N.Y.) with a four-item debut.

Snapple rival Best Health's, distributed by Brooklyn Bottling Corp., got into iced tea in mid-1991 with a four-flavor product launch, touting its spring water content. Everfresh Beverages (Purchase, N.Y.) joins this year with five items. And Perrier has a licensing agreement with Celestial Seasonings (Boulder, Colo.) for a regional introduction of herbal iced teas in the West.

With all this activity, and with Coke/Nestea and Pepsi/Lipton competing aggressively, industry watchers say the $400 million ready-to-drink iced tea category could easily double in size.

With per-capita consumption at a high-water mark, retailers would find the soft drink category sweeter if it was valued as much for its earnings as its power to bring customers into the store.

Stimulating sales potential

While the hottest growth in cold drinks may well be iced tea this year, iced coffee is a category to watch in 1993. The concept of "cold coffee" may seem unappetizing to some. But call it iced cappuccino, and you may have a winner.

That's what Kraft General Food's Maxwell House division (White Plains, N.Y.) is hoping, as it rolls with its recently-launched Cappio brand, cannonballing the smaller splash made last year by Chock Full O' Nuts' Choc o'ccino. It won't be long before soft drink makers follow suit.

The upside potential? Look at Japan. According to Coca-Cola Nestle Refreshments Co., the Japanese stay alert with an astounding $5.6 billion worth of iced coffee every year. That's 57 percent more than Americans spent on canned soft drinks—and cold coffee in Japan is still perking along at a 10 percent annual growth rate.

In October 1991, before it introduced its Nestea product in the U.S., the Coke-Nestle joint venture introduced Nescafe iced coffee in Korea. Along with expanding worldwide distribution for both those products, the joint-venture company plans to introduce Nestle chocolate beverages around the globe.

When it does, it won't be the first product that offers chocaholics something to drink besides chocolate milk and Yoo Hoo. Jeff's Amazing New York Egg Cream (New York), introduced in 1989, is now available in 20 states. The carbonated beverage is now available in chocolate, vanilla and strawberry flavors, in regular and lower-calorie versions.

Bracing for the onslaught

As demand for cold coffee grows, look for an explosion in line extensions, as manufacturers give consumers the ready-to-drink equivalent of one lump or two; unsweetened or Nutrasweet; light, dark and black; full-fat and nonfat; caffeinated and decaf; each multiplied by an ever- widening assortment of flavors.

The actual number of brands and line extensions—and retail reaction to it all—remains to be seen. But while retailers often decry the need to stock two, three or four new SKUs where one sufficed in the past, few are complaining about the new alternatives to low-margin Coke and Pepsi—or the opportunity to regain a measure of control over their beverage aisles.

"The retailer is always better off when he controls his own destiny," says Jules Rose, chairman of Sloan's Supermarkets (New York). The dual entry of new- age and private label alternatives, he adds, have been particularly liberating at Sloan's urban stores, even though shelf space there is at a premium.

"The colas used to dominate to such a high percentage; the private labels were not a great factor. As a result, the category used to be under the manufacturer's power." The problem with limited retail control, Rose says, is that what's good for Coke and Pepsi isn't always best for the retailer.

"Depending on the demographics of a particular market at a particular time, a retailer might want to feature a new age beverage, or a smaller-sized product," particularly in areas dominated by college students or other single-person households, with relatively few large families. "That comes into direct conflict with the big soda companies, because they want to feature the largest size possible of the strong, flagship part of their brands."

Larger multi-packs

Retail and manufacturer interests aren't always at loggerheads, of course. Larger multi-packs, with 12 or 24 cans, don't have as much potential in city stores where most shoppers arrive on foot. But in suburban stores, the bigger packs work well in high-impact, traffic- building displays.

"The 12-packs are a good package for us," says Pepsi's spokesperson. Along with the extra tonnage, "we can do more with graphics" on the 12-can case, "and present a better display in the retailer's store."

Bigger packs also mean fewer out- of-stocks at the consumer pantry level. That's helping per capita soft drink consumption rise toward the 50 gallon mark—a boon for retailers and manufacturers alike.

But if per-capita consumption is at a high-water mark, retailers would find the soft drink category sweeter if it was valued as much for its earnings as its power to bring customers into the store.

"This is predominantly a 12-pack market," says Denny Allison, a buyer at Fulmer Markets, with 12 stores in western Ohio. But even there, traditional brown colas are "at a break-even point," with "zero growth" and "zero gross."

Allison notes that manufacturers don't tell retailers to institute unprofitable pricing policies. "We've done that ourselves," he says, to help build customer traffic. But despite the differences in their markets, Allison, like Rose, is cheered by the growing popularity of alternative soft drinks. "We see a real trend toward the flavored waters. And they do give us a chance to get some gross profit."

Private labels gain

Private label soft drinks benefit from bigger case sales as well. They're also benefiting, Rose notes, from an increase in publicity about the closing of the "taste gap" between Coke, Pepsi and private label alternatives, in publications ranging from *Consumer Reports* to *The Wall Street Journal*.

While a 1984 taste-test by *Consumer Reports* found big differences between private label colas and leading brands, its mid- 1991 article on the subject found the distinctions more subtle. *CR* advised readers to simply shop on the basis of price.

The Wall Street Journal, meanwhile, noted that at some chains such as Loblaw Cos. (Toronto), the mid-1991 introduction of its President's Choice cola boosted the 135-store chain's private label cola sales from a 10 to 50 percent share in less than a year.

Cola commitment continues

The growth prospects for big brand cola in the U.S. have flattened. But Coca-Cola and Pepsi aren't about to ignore the category. Along with the Olympics, Coca-Cola sponsors a torch relay in Spain and, in the U.S., a sweepstakes called "Medals and Millions."

Coca-Cola ties into other sports events—such as major league baseball—by offering free Donruss trading cards in its soft drink packages, and new, round cards on lids of fountain drinks sold through many Hardee's outlets. Along with the bat-men, Diet Coke rejoins Batman for his return to the screen this year.

While the cola wars have cooled along with the category's growth prospects, Coca-Cola takes a direct jab at Pepsi in the campaign for Coke II, which moves from its two-year test in Spokane, Wash. to other markets this year. The new slogan: "Real cola taste, plus the sweetness of Pepsi."

Pepsi, of course, will do everything it can to convince retailers that they don't need more than one product that has "the sweetness of Pepsi." And their representative stressed that the company won't be abandoning its big brands as it ventures into new waters.

"It's still the bread and butter of our business," he says. While growth has slowed in the last two years, he adds, it's still on a big base. "When you consider the size of the regular cola drink business, a one-percent increase in growth might be a larger increase, in dollars, than that generated by all of the flavors."

Ushering in a new age

But if commitment to cola continues, Pepsi's most significant new product activity focuses on the "new age" segment of the market. In April, Pepsi introduced its Crystal Pepsi, a clear, lightly sweetened product which is intended to sell at a premium price. The company calls it "the most provocative new product introduction" since diet soft drinks were reformulated with Nutrasweet.

So far, the product has been distributed in only a few markets, including Colorado, Dallas and Rhode Island, but Pepsi is encouraged by the early results. "Sales for Crystal are not taking away from cola." Clear and brown colas, he adds, appeal to different consumers.

While Sloan's Rose contends that "Crystal Pepsi is an oxymoron, in that it's not Pepsi," he basically agrees that new age beverages have considerable potential to generate incremental sales gains.

"They're not me-too items," Rose says. "They're not line extensions. They're a category within a category, and they're bringing new consumers into the cola aisle—non-cola consumers."

Rose traces the growth of the category to the 1980s, when people first got accustomed to paying for water in bottles.

"I think Perrier entering into the flavored water market really helped Best Health's and Snapple," he says. "The flavored waters have been very well accepted." The new age brands, Rose adds, "aren't new, they've been around for a long time. But suddenly, they're a lot more popular."

So far, Coca-Cola has refrained from offering a "Crystal Coke." But it's revived the old Fresca flavor, first introduced in 1966, and re-introduced with Nutrasweet in 1985, with new packaging that positions it more aggressively against bottled waters and seltzers, according to the company. The brand's second national rollout began in February 1991.

While the cola wars have cooled, Coca-Cola takes a direct jab at Pepsi in the campaign for Coke II, which moves from its two-year test in Spokane, Wash. to other markets this year.

Hard-to-define, but growing

While retailers and manufacturers know "new age" growth when they see it, the category is not so easily defined. (There's no "new age" category in this year's CES, for example. But the category's growth helps explain how soft drinks grew 3.7 percent in sales during a year when cola growth was flatter).

"You can define 'new age' anyway you want," Pepsi's spokesperson says. "As far as Crystal Pepsi is concerned, I would define it as a cola that's caffeine free; a sugared product, but with fewer calories than regular Pepsi." Will there be a sugarless line extension? "I wouldn't rule it out," he says.

While Pepsi's clear-cola sales are now a drop in its brown- cola bucket, recent history shows that seemingly minor line extensions have a way of gaining a life of

Continued on page 165

Tobacco

Even confirmed cigarette smokers will draw the line if they have to spend too much. That growing constituency appears to be driving the growth of the price-value segment of this high-volume category.

Subtle shifts in consumer preferences—urged on by price increases, higher "sin" taxes and declines in overall consumption—are driving the cigarette industry headlong into the price-value segment of the business.

The trend is undeniable. For the 12 month period ending in March 1992, the last period for which data are available, the price-value segment had a 27.8 percent share of the total market, according to John Maxwell, author of The Maxwell Report and an analyst for Wheat First Securities (Richmond, Va.). That compares to a 12 month moving average in June 1991, of 22 percent.

The price-value segment is actually composed of four sub-categories: branded generics, generics, sub-generics and the so-called black-and-whites or private label brands. All are sold at prices less than traditional brands.

The business is dominated by such brands as Doral, from R.J. Reynolds (Winston-Salem, N.C.), Cambridge, from Philip Morris (New York), Richland, from Brown & Williamson (Louisville, Ky.), Misty and Bull Durham from American Tobacco (Stamford, Conn.) and Pyramid from Liggett Group (Research Triangle, N.C.).

"With all the new product we've seen in this category, it's altogether possible we may yet see some new [sub]classes emerge," Maxwell noted. "You only need to achieve about a one-half of one percent share to make a brand viable today." A one percent share point is worth about $150 million at retail.

To be sure, that growth has come at the expense of the full-priced segment, which to some extent has been cannibalized by the lower priced introductions, according to Maxwell. But overall, the strength of the category has helped level off unit decline at between two and two-and-a-half percent per year, he said.

"I think we're getting to a point where everyone who's going to give it up (cigarette smoking) has already given it up," he said. "I think we may start to see it move the other way." But others, noting red-hot demand for nicotine skin patches, anticipate an accelerated decline in unit sales.

For now, the industry continues to be driven by new product introductions and line extensions—many, but not all of which have been in the price-value segment. In many instances that brand activity has helped shore up or recover market share for the suppliers.

Philip Morris has further widened its market share lead, according to Maxwell, recording a 0.3 percent boost in share to 43.2 percent overall for the trailing 12 months ending last March, as compared with the 12 month period ending in June, 1991.

Brown & Williamson was the only other gainer in share, moving to 11.4 percent from its previous 10.2 percent.

While American Tobacco remained flat with a seven-point share, the other major manufacturers experienced some slippage, according to Maxwell, including a 0.2 percent dip by Liggett to 3.3 percent, and a 1.2 percent drop for R.J. Reynolds, to 27.8 percent.

As with cereal and frozen novelties, it costs manufacturers less to introduce a cigarette line extension than to build a brand from scratch. Industry estimates put the cost of extensions in the $30 to $50 million range; new product launches can cost four to 10 times as much.

The payoff for a line extension, meanwhile, can be considerable, even if it seems to fall into the "me too" category. The idea of a lower-tar product touting Marlboro flavor may have seemed redundant in June 1991, when Philip Morris introduced Marlboro Medium. The company, after all, had been marketing Marlboro Lights for more than a

TOBACCO SHOP

DEBBIE TILLEY

45th ANNUAL CONSUMER EXPENDITURES STUDY

Tobacco

decade. But the new brand ended up appealing to many smokers who had been turned off by the low-tar options that had been available.

A full 67 percent of current Medium smokers, according to Philip Morris research, switched to the brand from a full-tar product. And 60 percent of those now smoking the cork-tipped product, which was pictured amid cowboy gear in print and outdoor advertisements, are men.

The bottom line: Marlboro Medium now has close to 1.5 percent of the overall cigarette market, and was a key factor in Philip Morris's 0.3 percent gain from June 1991 to March 1992. And in J~~une 1992, the~~ Medium brand extension got an extension of its own—Marlboro Medium 100s.

Together, R.J. Reynolds, Philip Morris, Brown & Williamson and others have spent hundreds of millions of dollars building databases which reportedly track the brand preferences of close to 70 percent of the America's 40 million smokers.

The most significant product development at R.J. Reynolds is also a line extension, which it hopes will sustain the momentum of one of the most successful re-launchings of a brand ever undertaken: Camel Wides, introduced nationally March 1, are available in full flavor and light varieties, and are sold in hard packs. The slightly larger size—29 millimeters vs. 25-27 millimeters in circumference—make Wides "stand out from the clutter" of other cigarettes, according to a company spokesperson. They're also a bit shorter—80 millimeters, versus 85 millimeters for conventional cigarettes, including regular Camels.

Wider cigarettes, available in Europe for years, have a "substantial share" of the market in some countries, such as Belgium and France, Carter adds. "They have their widest appeal among male smokers, aged 30 and older, who appreciate a smoother tobacco taste."

While Medium 100s and Wides are the two most recent examples of how cigarette makers try to differentiate their products, the tobacco industry has long tinkered with length, girth and nicotine count. Most recently, Philip Morris extended (shortened, actually) its Benson & Hedges brand. The product, which had always been available in 100-millimeter lengths, is now being sold in a "pocket pack" regular length.

And while Philip Morris hasn't yet introduced a wider cigarette, it has been marketing its super-skinny Virginia Slims Superslims nationally since October 1989. Along with a circumference of 17 millimeters, the slender, ultra-low tar cigarettes appeal to women who want to light up but don't want to offend others, with 70 percent less smoke emitted from the lit end than the leading 100-millimeter cigarette.

Merit Ultima, meanwhile, is Philip Morris's most significant recent low-tar line extension, with a mere 1 mg of tar and 0.1 mg of nicotine. The extension, introduced in January 1992, supplements the regular Merit brand, which weighs in with 2 mg tar and 0.2 mg nicotine per cigarette.

Perhaps because of its expanding involvement in the food business, RJR has updated the packaging of its products along with the contents. It introduced a new plastic overwrap, said to keep its products fresher longer.

Together, RJR, Philip Morris, Brown & Williamson and others have spent hundreds of millions of dollars building databases which reportedly track the brand preferences of close to 70 percent of the nation's 40 million smokers.

Philip Morris used its ocean of data to nudge Camel and Winston smokers toward its Marlboro Medium brand with an elaborate direct-mail campaign, including coupons valued at $8 and sample packs of the new cigarettes. The company is also reportedly using a targeted marketing strategy for Merit Ultimas, while RJR launches a targeted effort to promote Camel Wides.

Closer aim

Industry observers expect micromarketing efforts to intensify as it becomes less and less cost-effective to reach the diminishing ranks of smokers through mass media vehicles.

That doesn't mean, however, that the industry won't have to continue putting out public relations fires, which are often sparked when an advertising campaign works too well. RJR's Old Joe, for example, has become so well known that he has become a lightning rod for anti-smoking sentiments.

Last June, the American Medical Association staged a protest in Chicago during its annual convention, charging that the icon is an attraction for young children to begin smoking. The AMA earlier released a study claiming that Old Joe is as recognizable a character as Mickey Mouse to six year olds.

Despite that, RJR is standing firm, rejecting the claims. Its new flavor seal packaging for Winston, meanwhile, continues to gain acceptance and Doral remains a leader in the low priced segment.

American Tobacco's new product efforts are focused on hopes for another winner with the introduction of Riviera, a new menthol, positioned in the low priced category. Unlike Misty, which has a predominantly female market, Riviera is being targeted at both men and women.

American's newfound aggressiveness in the low price arena is believed to be a key factor in the halt of its market share slide over the past two years. With such success, the company is expected to continue its push in the price-

Tobacco

value segment.

For its part, Brown & Williamson has introduced Savannah Lights, a slim 100 millimeter cigarette in both regular and menthol, positioned in the extra low-price category. The launch has so far involved Florida, Georgia and Alabama, all part of an area that represents 15 percent of all slim cigarette sales in the nation.

"This product reflects a quality choice at good value—the right style, the right taste, the right package and the right price," said Robert Fitzmaurice, senior vice president of marketing and sales.

While supermarkets are still the dominant class of trade for tobacco product sales, their overall share has edged downward to 48 percent of the category total, according to *Supermarket Business's* 1992 Product Preference Study.

It's the first major new brand launch by B&W since it introduced Capri in 1987.

All of it comes at a time when B&W has experienced a 31 percent gain in volume over the prior year, according to a spokesperson for the company.

Lorillard (New York) has introduced its first sub-generic brand—Style—available in six different packings. The brand is geared principally to women and will undergo a national rollout in January, according to Richard Orcutt, senior vice president, sales.

Loriliard has also become aggressive with couponing programs for both its full-price and off-price brands. "Consumers have come to expect it, and I think that's marvelous," Orcutt said. "The benefits go straight to the consumer."

While most of the introductions appear to be having their desired effect, many retailers still bristle at the thought of further product proliferation in cigarettes. While instore space problems are most often cited, the required inventory investment can sometimes be too high, they said.

There are currently well over 500 brands and packings available in the marketplace. Complicating the scenario further is increased concern over shrinkage resulting from the higher prices of the full priced brands. The result has been a merchandising trade-off: many if not most supermarket merchants, now keep their cigarettes under lock and key, usually in a serviced department with limited hours of access. Security has improved—at the cost of additional sales.

"It's a difficult position to be in," offered one Midwestern buyer. "For every carton that walks out the door, you need to sell more than a dozen others just to break even."

Moreover, just as the cigarette companies are fighting it out for market share, so too are other classes of retail trade, in particular, convenience stores and drug chains.

According to estimates by one company executive, supermarkets have averaged a 2-3 percent decline in retail market share, while convenience stores, which have aggressively promoted price and selection, have picked up at least two points in the last few years.

While supermarkets are still the dominant class of trade for tobacco product sales, their overall share has edged downward to 48 percent of the category total, according to SUPERMARKET BUSINESS's 1992 Product Preference Study (March 1992, page 40).

Convenience stores, meanwhile, have a 12 percent share, and smaller food stores have 10 percent, followed by drug stores (8 percent) and mass merchandisers (7 percent), according to the Product Preference Study.

Not all supermarkets are content to see bits of their current tobacco share go up in smoke. An increase in individual pack sales has enabled individual dollar sales to remain flat or slightly up, according to Mike Calvo, a buyer for Save Marts, Modesto, Calif.

But in states like New Jersey, where convenience stores have aggressively promoted cigarettes at the state minimum price, many supers have also followed suit, usually to the detriment of both sales dollars and margins, according to Steve Ravitz, owner of Supermarkets of Cherry Hill, a Shop-Rite co-op member.

"We've noticed that supermarkets are having a great deal more difficulty in merchandising cigarettes" because of these pressures, said Steve Stomel, president of Jos. Stomel & Sons, a wholesaler. "Over the last few years, we've noticed some chains decline from an average of 500 cartons per stores per week, to about 250 cartons. They're also far more hesitant to take on new brands."

Yet even with such market pressures, cigarettes remain one of the most profitable merchandise categories and generate enormous cash flow.

With price increases boosting total tobacco sales above the $12 billion mark, the tobacco category accounts for 4.42 percent of total supermarket sales, according to SUPERMARKET BUSINESS's 1992 Consumer Expenditures Study (CES). Price increases on cigarettes—$11.8 billion of the $12 billion total—kept the category growing, edging up 1.2 percent in grocery stores despite tonnage declines.

Sales of cigars (up 4.8 percent) and other tobacco products, including pipe and cigarette tobacco, smokeless products and snuff (up 3.0 percent) outpaced growth for the much bigger cigarette segment, and helped nudge total category sales up 1.3 percent, according to CES.

In smokeless tobacco products, the battle continues to be at the point-of-sale, through a variety of promotions and pricing offers that, beyond simply discounting or couponing, come very close to an entry into the price-value arena. ■

Trading Cards

If kids ruled the world, you might need an aisle for the "fun" side of this emerging category. As it stands, the question is whether older collectors will look to supermarkets for "investment" opportunities.

Are we nearing the day when most aspects of the country's culture will be summarized in trading card form?

Trading card vendors, seemingly determined to scratch consumers' every itch, are stamping out cards in unprecedented variety, to appeal to potential collectors with wide-ranging interests.

New non-sports or entertainment cards now document a wild and wooly array of subjects, ranging from the characters of currently popular movies to the savings and loan scandal, from bird watching to bass fishing.

Sports cards have themselves expanded well beyond the four major sports of baseball, football, basketball and hockey, broadening their audience to the middle-aged, who are likely never to open the card packs they buy as investments. New premium sports cards, with artwork and construction that would have been unimaginable to the young boys who bought the bulk of cards years ago, almost seem to demand preservation under plastic in an album.

"All the major sports cards vendors now have premium and regular card lines; it's like buying gasoline," observes Scott Kelnhofer, editor, Card News (Iola, Wis.).

With the profileration of new card lines, supermarket buyers and the distributors who manage stores' card categories face bewildering choices in targeting assortments to often highly-selective collectors. And a surge of new card vendors in recent years has inevitably led to predictions of an industry shake-out.

But despite these concerns, trading card vendors seem to have done their homework regarding consumers' demand for cards.

Premium sport cards, including Topps' Stadium Club in its second year, Fleer's Ultra line launched in April, Donruss's Leaf and Pro Set's Platinum cards, are in hot demand. Non-sports cards, meanwhile, posted soaring sales in 1991, accounting for half the total market growth, swelling the ranks of collectors by an estimated six percent, according to a spokesperson for Sky Box (formerly Impel Marketing).

Most vendors agree that trading card dollar sales grew about 15 percent from 1990 to 1991, reaching $1.6 billion. LBC Sports, maker of Action Packed cards, sees card dollar sales growing at a rate of better than 40 percent, based on an LBC-sponsored survey of 45,000 households.

According to the study, household penetration increased from 13 percent to 15 percent as respondents bought 16 percent more cards.

The trends bode well for supermarkets, which industry sources estimate had a 17 percent share in 1991. Card variety has boosted sales as the higher priced premium and entertainment cards allowed better margins. Community Cash Supermarkets, Spartanburg, S.C., is one retailer expanding its department year-round.

"It hasn't quite settled down yet, but I think trading cards is a category with a lot of potential. If you have a store in an area where there's a pocket of collectors, they will buy everything you can get," says Jim Key, nonfoods buyer.

Having carried cards in shippers on an in-and-out basis, Key this year is creating permanent four- foot Sports Market centers for cards, adjacent to the magazine section in five stores.

Premium cards, in an assortment which includes Donruss and Fleer, have boosted profits. "The profits are probably equal to or better than any other general merchandise department," said Key. "It's not very price sensitive; if you've got it, people are going to buy it," he said.

Getting the product has not necessarily been easy, in an industry where the practice has been to

DEBBIE TILLEY

hold down supply, to spur demand for cards and build their value in the eyes of collectors and investors. The Stadium Club line was notoriously scarce last year, causing baseball, football and basketball cards with a normal suggested retail price of $1.25 to sell at four and even five dollars a pack in some stores.

But that situation is apparently changing. Says Card News's Kelnhofer, "The Stadium Club cards are basically everywhere this year. Topps cranked up the press."

A spokesperson for Topps, the leading vendor in the field with 37 percent of the market, said "We're going to increase supply to a certain extent; hopefully that's going to keep the prices down," Even so, the Stadium Club's suggested retail is going up from $1.25 to $1.75, with the pack size increasing from 12 to 15 cards.

Topps is launching a second premium line by upgrading its Bowman line to a quality and price equal to Stadium Club. Will one line defeat the other? Their representative thinks not. "These will have a life of their own. People like the variety. We're convinced the market for these higher-quality cards is large enough," he says.

That's not all. For the under 10 year old segment, the vendor is introducing Topps Kids, sports cards at 35 cents for a pack of seven. Donruss/Leaf has already shipped a 264-card set for kids five to 12 years old.

An "innovation" over the summer was the introduction of Topps Micro Cards, a set of 792 cards that are one-seventh the size of regular ones, and sold in a single box. Also forecast was the introduction of "Round Trippers," a 144-card Topps set of round baseball cards at 89 cents a pack.

"We anticipate the appeal of the Round Trippers will be more to kids than serious collectors, but in this industry, who knows?" said the Topps representative.

Card consumers seem undaunted by premium card price points that even quadruple the 50-cent price of a regular card pack. New cards being shipped by Action Packed this fall carry typical premium prices of $2.49 for six football cards, $2.95 for seven Legendary Player baseball cards. An 84-card series of reproductions of bird portraits by naturalist Roger Tory Peterson will sell at 10 cards a pack for $2.49. Action Packed cards feature five colors, two coats of lacquer, embossing, stamped gold foil and, in some cases, 24 carat gold leaf.

Upper Deck, the dean of premium cards, branches out this year with "Wall Stars" wall posters, featuring U.S. Olympic basketball team members, according to Jay McCracken, vice president of sales.

"It's really too early to tell how successful this product will be. We had no trouble selling it in. Now we have to see what the consumer pull will be," says McCracken.

Two years ago, vendors ventured into national distribution of minor league card sets, catering to fans who look for top prospects. This past July, Sky Box launched a new pre-rookie line, while Fleer has unveiled its "Rookie Sensation" set and Upper Deck is planning the launch of its own minor league offering in November.

Non-sports cards comprised the category's hottest growth segment last year, and according to some vendors, the industry is still scratching the market's surface.

"Every American consumes entertainment—to the tune of $300 billion per year in total. We just need to find and properly execute the right license to bring each and every one into the trading card market," says a spokesperson for Sky Box, which has the leading 39 percent share in non-sports.

He said non-sports cards accounted for half of the total card market growth last year, as their sales jumped from $70 million in 1990 to $200 million, about 15 percent of the total.

Targeting comic book fans ("They already have a collection mentality"), Sky Box shipped the Marvel Universe Series III, a 200- card set featuring art by Marvel Comics artists. In the second half, Sky Box is shipping Star Trek, Disney and Garfield sets.

"There's a topic and a product for everybody," agrees a representative of Star Pictures, Inc.

Star Pictures last month shipped Saturday Night Live and Alien III card sets, as well as a "Wayne's World" set that "should appeal to the 25 percent of boys aged 12 to 17 who have seen the movie at least four times," she says.

Supermarket chains seeking to establish themselves with the consumer as a source for the latest cards have installed in- line departments, employed new vendor-supplied fixturing and cross merchandised around the store.

"Sports cards have a secondary market (for traders); non-sports cards are in many cases more like a toy than a collectible card, and they introduce girls into the hobby," says a spokesperson for Pro Set, whose licenses include Robin Hood, Beauty and the Beast, and the Little Mermaid. Play value is provided in Pro Set packs through activity cards such as 3-D cards and a 3-D viewer, punch-out and stand-up cards and static cling-on cards.

But the industry's general optimism on trading card growth is tempered in some quarters. "Eighty percent of the general public does not actively buy sports cards. There are 22 different National Football League licensed card sets this year. There are not enough collectors to support that many sets," says Card News editor Kelnhofer.

■ **David Vaczek**

Video

With video competition intensifying, supermarkets need to remember they don't have to be the cheapest—for their customer, a good food store video department is a convenience and a service.

In both rental and sell- through video, the supermarket channel is more than holding its own.

Children's titles are doing especially well, many sources say. In a difficult economy, video is inexpensive entertainment; low price in children's video in particular kept video cassettes turning.

Last year, retailers were concerned about a dearth of "A" blockbusters titles for 1992. They needn't worry, say video companies, who are officially bracing for a year-end blow-out. "The fourth quarter will be huge," says Bruce Pfander, senior vice president, marketing for FoxVideo, (Hollywood, Calif.).

And why not? In the midst of recession video is, vendors say, a cost-effective gift that keeps on giving ... and can even take your mind off economic malaise.

This Christmas, leading theatrical videos will include "Batman II," "Wayne's World," "Lethal Weapon III," and "Beauty and the Beast."

With an October 30 release scheduled for "Beauty and the Beast," Disney distributor Buena Vista Home Video (Burbank, Calif.) is predicting sales of over 15 million units for the title. If it happens, it would top the 14.2 million-unit performance of present leader "Fantasia," according to a source from the company.

Columbia TriStar Home Video, meanwhile, has been taking orders for "Hook." "This is the first time our studio has taken a title direct from theatrical to sell- through," without going the retail route first, says David R. Pierce, senior vice president, sales. Usually, a film spends six months in theaters, then goes rental for six to nine months before being offered as a sell-through title. Columbia expects super holiday sales from the blockbuster "Hook."

Supermarkets were a pace-setting channel for sell-through video growth last year, partly because they have been flexible in adopting in-and-out promotions... often co-sponsored with a grocery goods vendor.

Overall, supermarkets grew their video sales 30 percent in 1991, says Bruce Pfander, making them the fastest-growing class of trade. Sell-through sales for supermarkets and drug stores were up 60 percent in 1991; rental was up 16 percent in those channels, he adds.

Indeed, of the mass merchandisers seeking to capture a larger share of the video business from specialty stores, supermarkets are seen to be leading the charge.

As a group, the mass merchandisers are becoming something to keep specialty video store operators awake at night. Sell-through share of supermarkets, drug stores and convenience stores grew from 11 percent in 1990 to 14 percent in 1991. Rental's share rose from 15 percent to 17 percent for the period.

But these gains haven't come at no cost. Margins, some operators complain, have virtually disappeared in their fierce efforts to offer the lowest price. "Club stores," notes Andrew M. Kairey, vice president, marketing for MCA/Universal Home Video, Inc., "have been selling them as such a loss leader that some independent video stores have been known to buy tapes there and re- sell them."

Still, the consensus of category observers is that three emerging trends will keep supermarkets committed to the category.

First, ***more and more supermarkets will reevaluate their pricing***. Fox's Pfander predicts that food store operators will begin to rely more and more on their inherent convenience advantage.

"The supermarket doesn't necessarily have to be the cheapest guy on the market," he points out. "My guess is that you'll see a trend toward price increases, as more

DEBBIE TILLEY

Video

grocery outlets begin to understand what a service video is to their customers."

The two other trends are *increasing sponsorship by movie vendors and packaged goods vendors of targeted value-added video promotions* for the highly- prized supermarket business; and *sharp growth in special- interest videos*, for which supermarkets are well-suited.

All observers note that more and more studio attention has been and will be paid to the supermarket business. Says Mindy Phillips, director of sales and marketing for MGM/UA Home Video, Inc. (Culver City, Calif.), "Supermarkets are of ever- increasing importance to the studios ... and the category is of ever-increasing importance to the supermarket."

> **"Entertainment typically grows during recession. Video benefits from the visibility supermarkets offer. Retail sales as a whole may be down; people can stay away from the malls. But they still need to go to the supermarket every week ..."**

Indeed, says Andrew Kairey of MCA, "Video plays an important role in keeping traffic in your store." Families with kids, he points out, rent an average of 11 tapes a month.

Unlike produce, it's one product that doesn't spoil, he points out. With enough copies of popular releases on hand, they don't wear out—rental "shelf life" lasts until the rentals drop off. Then, Kairey suggests, "Clean out your inventory, turning it into cash by putting it on sell-through." Children's titles and family films lend themselves especially well to this strategy, he adds. He knows whereof he speaks: It was MCA that released the megahit "E.T."

As more supermarkets watch other supermarkets succeed in video, MGM's Mindy Phillips notes, "more and more companies are taking advantage of the opportunity, whether with sections inside the store, or adjacent outlets."

Especially when it comes to family titles, one reason for the supermarket's importance to video vendors is the usual: supermarket shopper demographics skewed to women and families.

And right now, another reason is the fit between category and class of trade. Adds Mindy Phillips, "Entertainment typically grows during recession. Video benefits from the visibility supermarkets offer. Retail sales as a whole may be down; people can stay away from the malls. But they still need to go to the supermarket every week— it's one outlet they *don't* stop shopping."

Last month, the 15th anniversary of Elvis Presley's death, saw MGM's release of "Elvis: The Lost Performances," a compilation of clips never before seen on video. It was expected to generate sales fit for a King.

Another reason for the video industry's interest in supermarkets is the mass-market promotional experience of the food field's players. FoxVideo's "first picks in promotional partners are always grocery related, because most packaged goods vendors already specialize in in-and-out promotions," Bruce Pfander says. Too, supermarkets "tend to have more flexibility" for adopting new promotions," he says.

FoxVideo joined Pepsi last year to fund a $16 million TV advertising campaign supporting its sell- through release of "Home Alone." The promotion featured a $5 rebate for purchase of the video and a Pepsi product. A house built from Pepsi cans was one eye-catching element of instore support.

A $10-million advertising budget and a 170-million coupon drop of $2 rebates are part of FoxVideo's support for its recent launch of "Fern Gully," the animated feature, a $21-million box office draw. Purchasers of the "Fern Gully" tape and any one of 10 other FoxVideo titles will receive a $5 mail-in rebate. Retailers who buy the pre-packs receive a movie-related cut-out free adventure set for their customers.

To help highlight "Hook," Columbia TriStar has developed a promotion with Ocean Spray. The promo offers consumers a $5 rebate on the purchase of the title and two Ocean Spray products. "Ocean Spray is doing three FSIs for us," David Pierce says. "An additional $7 million in broadcast will be part of the effort, and we're looking at tens of thousands of endcap displays." Such is the appeal of a grocery manufacturer partnership.

The marriage is made in heaven; it's getting to the altar that isn't always easy. "The timing can be tricky," David Pierce notes. "Grocery companies work so much farther out than we do—we have to wait to see how a title does in theaters before we can work together. This compresses the time frame for both of us."

Also out this year by FoxVideo will be "My Cousin Vinnie." Somewhat less than "blockbusting" in theaters, the film is nevertheless expected to have broad sell-through appeal, the company predicts. Everything can't be a blockbuster in theaters, he adds. To win at the video game no less than in baseball, "Along with the home runs, you need a lot of singles and doubles," Pfander says philosophically.

Turner Home Entertainment was launching in the second half a $5 million promotion for the 60th anniversary of "King Kong." A collector's gift pack features a restored version of the film, in a promotion co-sponsored by the City of New York, the New York Hilton and Towers, Universal Electronics and Delta Airlines, says a company spokesperson.

Supermarkets should view special- interest video as an opportunity with the potential to rival and exceed that presented

Continued on page 169

Breakfast

Continued from page 95

only company touting nutrition. Kellogg, which has attracted attention—and controversy—in the past over its use of high-profile health claims, continues to push the nutritional advantages of its products. But instead of talking in general about cereal's possible medical value in preventing life-threatening diseases, the specific focus these days is on fat levels.

"We produce 24 fat free cereal products, more than any other manufacturer," notes Kellogg's representative. That's out of a total of 45 cereal products. But the company is active in winning over its share of sweet-toothed customers as well.

New 1991 items included Cinnamon Mini Buns, Double Dip Crunch, Low Fat (but still sweet) Granola and Frosted Bran cereal, for those who want sweet taste with more fiber. Kellogg also recently introduced Nutri-Grain Nuggets in West Coast markets.

No ban on sugary TV ads

The idea of introducing an analog of a gooey chocolate-marshmallow campfire treats for kids to start their day seems almost as nutritionally irresponsible as Bill Cosby's rationalization to his wife that chocolate cake is okay for the kids' breakfast, because it has things like eggs and milk in it. In either case, kids are bound to rejoice, "Dad is great, Dad is great!"

But for now, at least, the issue of whether or not pre-sweetened cereals should be hawked at all by Saturday morning TV characters appears to be dormant. In mid-1991, however, cereal makers and others faced a challenge, first by food activists, then by the mainstream medical community, over their right to advertise pre-sweetened cereals on Saturday morning television.

The ad ban issue, which was first raised, then killed and finally buried by the Federal Trade Commission (FTC) in the 1970s, was jolted back to life once more in 1991, at the prompting of the Center for Science in the Public Interest (CSPI) and, later, by the American Academy of Pediatrics (AAP). A policy statement drafted by AAP's Dr. William H. Dietz, who also helped conceive Healthy Start, the organization's joint nutrition effort for kids in conjunction with FMI, called for the halting of kid-targeted ads featuring calorie-rich food, particularly breakfast cereal, candy and snacks.

The organization eventually settled for a public service announcement steering young Saturday morning viewers toward fruit and vegetables.

Like rival Kellogg, General Mills achieved significant success last year with such new products as Triples and Basic 4. More recently, the company has focused its energies on strengthening its core brands.

From September 1991 to February 1992, General Mills rolled out Wheaties Honey Gold, the first line extension for its oldest cereal brand. The new flakes, sweetened with honey, are made from whole wheat and corn.

This year, General Mills shifts some emphasis back to the longevity of its original "Breakfast of Champions." Photos of baseball legends Babe Ruth, Lou Gehrig and Willie Mays will be appearing on Wheaties boxes this Fall, alluding to the fact that Wheaties has been a national favorite since 1924.

General Mills also completed the national rollout of its Berry Berry Kix product in July, according to the company's spokesperson.

■ **Frank Hammel**

Candy

Continued from page 98

new products. Along with the national rollout of peanut butter-flavored Snickers and M&M's last year, M&M/Mars extended its Milky Way, Skittles, Twix and Kudos brands.

This year, the company is expanding distribution of its most recent introductions—Dove chocolate bars and Milky Way II, which has 25 percent fewer calories and less fat than the original. (It follows last year's successful launch of Milky Way Dark.) The company also added an almond variety to its venerable M&M's line.

If Hershey's experience with its gold-foil wrapped Almond Kisses is any indication, there are plenty of almond-loving chocaholics out there. Terry Freisen, director of trade development, says the company is still riding the success of that product's September 1990 introduction.

"That was our hit," he says. "The interesting part is that it was almost totally incremental sales— Kisses with Almonds had almost no effect on sales of regular Hershey Kisses." This year, Hershey updates its Reese's cups with crunchy peanut butter and peanuts-and-caramel line extensions, with a rollout planned this Fall.

Kisses with Almonds, like regular Kisses, both benefit greatly from holiday-themed variations in foil colors, according to Hershey's Freisen. "Acceptance was tremendous," he says, of red, green and gold-foil wrapped Almond Kisses last winter. The company, which owns the Cadbury and Peter Paul brands, also rolls out Cadbury eggs every Easter, and added pastel foil-wrapped, egg- shaped Mounds and Almond Joy candy in the spring of 1991.

Holiday-specific products, even if limited to the color of a foil wrapper, can have a big payoff. And the holiday stakes, already high, are rising, according to the National Confectioners Association (NCA). Projected holiday sales this year will approach 43 percent ($2.9 billion) of the $6.9 billion consumers spend on chocolate candy. That's up from 40 percent in 1989, according to NCA.

Halloween is still expected to lead the major holidays, with 37 percent of the projected $2.9 billion in holiday chocolate sales, according to NCA. Christmas follows with a 25 percent share of the holiday chocolate dollar, and is followed in turn by Easter (18 percent), Valentine's Day (13 percent) and Mother's Day (seven percent), according to the association's figures.

In an effort to woo holiday sales from kids—and parents—Nestle has rescued Farfel, a popular puppet from the 1950s and 1960s, from the brink of oblivion. His updated likeness appears on poly bags of miniature Crunch, Baby Ruth and Butterfinger bars, on skis, skates and a snowboard. Farfel also appears on assortment packs featuring other Nestle brands—100 Grand, Chunky, Raisinets, Sno-Caps and Goobers.

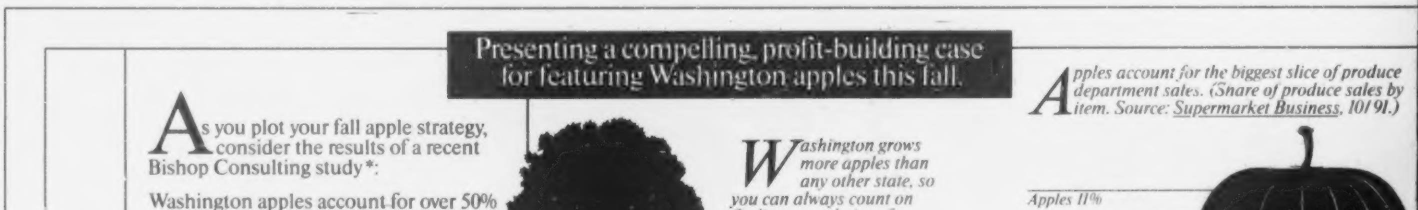
Holiday-themed graphics also festoon Nestle's regular-sized Crunch, Chunky, Milk Chocolate and Alpine White bars, and Nestle's Crunch and Alpine White Jingles. Winter scenes and gift boxes are also available for After Eight mints and chocolate-covered pecan- caramel Turtles, and Raisinets, Butterfingers and Crunch miniatures are also available in keepsake tins.

But despite all the charm and pizazz, the rule of thumb for this category remains in force—what goes up (in price) must come down (in unit sales).

"The consumer has a good eye for the value-for-money aspects of candy," says Martin Pearce, senior vice president, marketing for Leaf. "Price increases clearly have an impact on the volume of candy we sell; there's no doubt about it. So we hold off for as long as we possibly can."

Last year's 10 to 12 percent increase on Leaf products was the company's first big price hike in close to five years, Pearce says. "In the soft market, for the past 12 months, it's definitely had an impact."

■ Frank Hammel


Presenting a compelling, profit-building case for featuring Washington apples this fall.

As you plot your fall apple strategy, consider the results of a recent Bishop Consulting study*:

Washington apples account for over 50% of gross apple profits, even in the fall. Some (us, for example) would say that's reason enough to stock and promote Washington apples in addition to local apples.

But wait, there's also this:

The same study showed that most apples sold in the fall—over 85%—are in traypacks, and the vast majority of those are Washington Red and Golden Delicious apples. Another good reason to make sure you keep Washington in your promotional mix.

Seems that study made us look pretty good. But hey, why do you think we're running this ad?

Washington grows more apples than any other state, so you can always count on finding your choice of any size or grade.

When it comes to gross profits, apples come out in front. (Share of total gross profits.)

Washington apples alone account for more of your produce profits than tomatoes.

Washington Reds and Goldens make up the lion's share of fall apple profits. Consider what you're risking by not featuring them. (Share of total gross apple profits—fall season.)

Apples account for the biggest slice of produce department sales. (Share of produce sales by item. Source: Supermarket Business, 10/91.)

Washington Apples have over 50% share of all app sales, and even outsell iceberg lettuce.

Before you put all your apples in one basket (or in this case, bag), remember that your customers want big apples. (Share of total apple unit sales—fall season.)

Again, don't forget that even in the fall, Washington Reds and Goldens drive your traypack apple sales and profits.

*Unless otherwise noted, the information presented is derived from scanner/sales data from three large regional supermarket chains in a study conducted by Willard Bishop Consulting, Barrington, IL.

Canned Goods

Continued from page 100

Segal, business unit manager. But distribution recently expanded from markets in the Northeast to the Pacific Northwest, Alaska and Hawaii for the 48 ounce, carafe-style bottles, which retail at a suggested $2.49-$2.59.

Ocean Spray is also busy building single-serving sales of existing and new products through its joint-venture arrangement with Pepsi-Cola Co. (Somers, N.Y.), which was announced earlier this year. Sales of multi-serve products to supermarkets are still handled by the company's existing broker network, according to Moreton.

The Pepsi partnership, Moreton adds, could bear fruit in the snack business as well. Ocean Spray has previously tested a spoonable, fruit-based pudding, called Spoonables, and a dried cranberry snack, Craisins.

Veryfine (Westford, Mass.), like Ocean Spray, is hot on joint ventures that boost cold-box sales for single-serve beverages. A recent summer promo paired single-serve Veryfine and Nabisco products. Consumers buying a deli sandwich and a Veryfine beverage got single-serve cookies and crackers for free. (Veryfine also markets juices and drinks in multi-serve sizes).

Nothing but the juice

Libby's Juicy Juice, a unit of Nestle Beverage Co. (San Francisco), hopes to squeeze more sales by reminding people of its 100 percent fruit juice content. Competing brands, it says, including Welch's Orchard, Tropicana Twister and Ocean Spray Cranapple, all fall short of the 50 percent mark; others, including Hi-C, Hawaiian Punch, Tang, Capri Sun Punches and Minute Maid Fruit Punch have only 10 percent juice. Juicy Juice also recently expanded with a toddler-friendly 4.23-ounce aseptic box, and the addition of an apple flavor.

ABA Holdings (Cranbury, N.J.), which bought Lakeland, Fla.-based Juice Bowl in June, 1990, makes no apologies for the 10 percent juice content in its new, four- flavor Blasters line. Instead, it urges consumers to "Get out of the box, get into the can"—its 7.7 ounce, fully-recyclable aluminum can, to be precise. Cellophane-wrapped straws are glued to each can, and four-packs retail for $1.49. The four-flavor line is now being tested in New York.

The General Foods division of Kraft General Foods (White Plains) also offers no fruit juice in its Kool-Aid Bursts. But the packaging is different. The little plastic bottles feature accordion-shaped, flexible necks that kids find innovative and fun, according to a spokesperson.

Mott's USA, a division of Cadbury Beverages (Stamford, Conn.) hasn't made any major changes in its lines of bottled, aseptic, and cupped 100 percent apple juices, applesauce and fruit snacks since 1986, according to a Cadbury spokesperson. The company builds brand awareness with a program supporting public libraries. Last year, she said, that promotion provided $500,000 worth of books and materials.

Regardless of how environmentally-friendly the aseptic box is, convenience- minded shoppers have decided that boxes are very consumer- friendly. That contributed to a 10.3 percent increase in 1991 sales, according to CES numbers.

They're retail-friendly too. In 1991, total aseptic sales ($666 million) were little more than a third the size of those for fruit drinks ($1.7 billion). But they contributed almost half as much gross profit—$103 million, vs. fruit drinks' $237 million, according to CES.

While box-sipping kids account for most of aseptic's consumer base, McCain USA (Rosemont, Ill.) targets adults with 12-ounce aseptic boxes of its Boku juice coolers, which use a pull tab instead of a straw. In July, the company debuted 10, 16 and 46 ounce glass bottles as well, and added a four-item sub-line, Boku Anytime Coolers. Also available in aseptic or glass, the line of flavored tea and lemon/lime-ade retails for $.79-$1.35. And like Libby's, McCain has a 4.2 ounce, six-flavor line of 100 percent juice for toddlers, called Junior Juice.

While vegetable juice sales dipped 2.1 percent to $321 million in 1991, Campbell Soup Co. (Camden, N.J.) is "quite pleased" with incremental sales gains of its sodium-reduced V8 line extension, Lite & Tangy, which was introduced nationally this past Spring, according to a spokesperson.

Unlike its existing ultra-low sodium V8 product, Lite & Tangy is not intended for people on medically-supervised low-sodium diets. Instead, he said, it targets the broader group of consumers who want a reduced-sodium product with a widely palatable taste.

Lowery adds that Campbell proceeded with caution before introducing the line extension. "V8 is one of the top 50 supermarket items in the country," Lowery says. "We wouldn't want to introduce a product that's cannibalistic to that."

Souping up lines

Campbell also continues to strive for tonnage gains in its red and white soup business with ingredient soups. The 1990 introduction of Cream of Broccoli—which had been "the largest new soup introduction in 55 years," according to the spokesperson, was a tough act to follow. But he added that its 1991 heavy-hitter, Broccoli Cheese soup, was expected to be "just as successful."

Encouraged by the strength of its value-priced ingredient soups, which serve as a low-cost alternative to premium-priced cooking sauces packaged in glass, Campbell also has high hopes for two new cooking soups—Golden Corn Soup and Italian Tomato.

"Corn is the favorite vegetable, among adults and kids," he says, and "it would not be too far off- base" to compare the quality of Campbell's Italian Tomato, a "rich, red soup, with pieces of tomato, seasoned with onion, basil, oregano and garlic," with glass-jar chicken cooking sauces retailing for almost four times the price.

In non-ingredient soups, Campbell is placing its bets on Double Noodle Soup, with "literally twice the noodles that are in our leading chicken noodle soup." The ad slogan: "If there were any more noodles, we couldn't call it soup." It will appear in the canned condensed line and in dry pouch form.

In the bubbling healthy soup segment, Campbell introduced 11 Healthy Request soups last September, and added four more varieties in January 1992. In July, the sub-line expanded again, with Healthy Request New England Clam Chowder. The 100-calorie chowder has 33 percent less salt and is 98 percent fat- free, with three grams of fat per serving. (Regular Clam Chowder, by contrast, has eight grams of fat.)

While the representative acknowledged that consumers are confusing Campbell's Healthy Request with ConAgra's new Healthy Choice soup line, he indicates that, with a few Healthy Choice SKUs mixed into the Campbell-dominated soup section, "they're more likely to think [ConAgra's product] is ours." He adds that "there are no plans to rename the [Healthy Request] soup line." With Clam Chowder, the sub-line expands to 16 items, eight of them condensed, eight ready-to-serve.

A bigger chunk

Campbell is also extending its Chunky sub-line with a Beef Noodle flavor, in 11 and 19- ounce cans. And the Home Cookin' line comes back this year, putting more emphasis on the Campbell's logo than the Home Cookin' tag. That sub-line also expands with New England Clam Chowder and Chicken Vegetable flavors.

The company is also playing up its brand name in the microwavable dry soup segment. Bolstered by the October 1991 acquisition of Sanwa Foods' dry soups, Campbell has emerged as the second-biggest supplier of dry Oriental soups, according to the spokesperson.

CES numbers show the Oriental subcategory continuing to help dry soups grow at a rate (6.6 percent) that outpaced growth for canned (4.0 percent), but on a smaller base ($733 million vs. $2.1 billion), according to CES.

Campbell also packages ready-to- serve versions of its more popular red and white varieties in 10-ounce microwavable bowls. But while the bowls usually retail for under a dollar, aggressive pricing on canned soup slows sales for microwave-ready equivalents.

"We low-ball canned Chicken Noodle, Tomato and Cream of Mushroom," says Fulmer's Allison, creating conditions under which "consumers are still leaning toward buying canned."

If microwavable soup faces an uphill sell when its canned equivalent is cheaper, microwavable vegetables are more severely challenged. Vegetable Classics from Del Monte wasn't a "me-too" product. But flagging demand forced an abrupt end to the planned, national rollout for the nine-item line of prepared, value-added vegetables, which retailed for $1.29.

"Everybody's scrambling for that territory," says Ken Murray, director of marketing at Stokely USA (Oconomowoc, Wis.), of the shelf space that opened in Vegetable Classics' absence. Stokely hopes to grab a piece with new products that are set apart slightly from the commodity norm. They include Crisp 'N Sweet Corn, introduced in April, and Sweet & Sauerkraut, which debuts this month.

Retail strategies for replacing the discontinued microwavable vegetables depend upon how they decided to stock them in the first place. Fulmer Supermarkets' Allison says new microwavable cups are "filling the void" left in the microwavable sections of the canned goods aisles. At Eastern Shore Markets, where micro-veggies were simply inserted into the canned vegetable mix, traditional canned vegetables are filling the vacuum.

Despite tonnage gains, poor dollar growth continues to hang over the canned produce commodities like a leaden cloud. Heavy-hitting vegetables such as corn, peas and green beans advanced 2.6 percent, but declined 2 percent in dollars, according to the Food Institute (Fair Lawn, N.J.). CES numbers also show declines for corn (1.1 percent), peas (four percent) and beans (three percent).

Canned fruit showed similar results, with dollar declines in high-tonnage items such as peaches (1.4 percent) and fruit cocktail (2.7 percent). Other categories eked out weak gains, including applesauce (1.9 percent), apricots (2.1 percent), cranberries (0.6 percent), pears (1.3 percent), pineapple (0.6 percent), baked beans (1.3 percent) and mushrooms (3.7 percent). And for some reason, the canned potato category enjoyed an eight percent surge, to $116 million.

For buffet buffs

Del Monte is putting its emphasis this year on "the buffet fruits, the snacking kind of fruits," such as pineapple and other tropical fruit items, according to Jim Jones, vice president, national accounts. Del Monte has also embarked on a print advertising campaign that talks up the nutritional benefits of produce.

Dole Packaged Foods (San Francisco), also affected by declining sales of canned commodities, sees a glimmer of growth in tropical fruit salad. Joe Flannigan, vice president of marketing, says that while many adults consider traditional canned fruit cocktail old hat, Dole's use of papaya, guava and sliced bananas offers them a new taste experience.

Pillsbury's (Minneapolis) Green Giant brand isn't sprouting with new product activity, but the company hopes its Something Special! line of baked beans, introduced nationally this spring, spices up that segment, one of the few that posted sales gains in 1991. The 16-ounce cans, which retail for a suggested $.79, come in three flavors— barbecue, honey-flavored and Mexican style. Along with the sauce flavorings, the bean combinations are new, according to a Pillsbury spokesperson.

S&W Fine Foods (San Ramon, Calif.) has hitched three additional line extensions to its successful Redi-Cut Tomato brand— salsa, pasta sauce and no-salt. They join an existing Italian style variety, expanding the Redi-Cut family to five. "What sets them apart is that they're made from fresh tomatoes—they're packed during the season," says a company representative. By using cans instead of jars, he adds, S&W can sell a premium pasta sauce product at a $.79-$.89 suggested retail price.

Curtice-Burns Foods (Rochester, N.Y.) strives to fill niches opened by regional taste preferences with its canned vegetable, fruit, and pie fillings. Its Nalley's Fine Foods division, for example, has regional specialties like Walla Walla Onions and Oregon Cheddar Cheese for the Pacific Northwest. And its Comstock Michigan Fruit division found solid demand for the solid-pack pumpkin it introduced as a baking ingredient in the Midwest last year.

Whether you classify it as a canned fruit or vegetable, the tomato—and its pasta-sauce derivatives—continue to give the shelf-stable category a solid boost. Sauce sales grew 4.7 percent in 1991, up $688 million, as health concerns and the economy continue to push people toward pasta.

Ragu Foods (Trumbull, Conn.) has noticed more supermarkets stocking its larger jar sizes, "apparently to better compete with the membership wholesale trade," according to Wayne Hartunian, brand manager. Health- conscious consumers, who once viewed any kind of pasta and sauce as a healthy alternative, are now trying to pare away the few grams of fat most sauces contain. Ragu launched its Today's Recipe line in January, priced at $1.79 for a 26-ounce jar, to meet that demand.

This spring, Hunt-Wesson (Fullerton, Calif.) extended parent company ConAgra's increasingly ubiquitous Healthy Choice brand to include jarred sauce. The new five-flavor line of sauces boasts 0.3 grams of fat per serving, compared to 3.3 grams for Ragu and 4.4 grams for Prego. The 26-ounce glass jars sell for a suggested $2.39.

Campbell, which makes Prego, also recently extended its Healthy Request label from soup to sauce. But it is unlikely that the soup category's "Healthy" battle between the very similar Choice (ConAgra) and Request items—and the consumer confusion it generates—is about to spill over to the jarred sauces arena. Healthy Request, with less than a gram of fat per serving, is sold in 26.5 ounce cans, not jars, at a suggested retail of $1.29.

Hunt-Wesson, of course, is no stranger to the canned sauce category, having made a big splash with its own 27-ounce cans, which are priced at a competitive $1.09. The company recently extended the line with a Light subline and recipe-ready Choice-Cut Diced Tomatoes, which sell at a slight premium to its canned spaghetti sauce.

Hunt's Diced Tomatoes compete indirectly with Campbell's new ingredient soup, Italian Tomato, and head-on with Recipe-Ready Tomatoes, a new item marketed by Nestle's Contadina Foods subsidiary (Glendale, Calif.). Contadina also recently introduced Pasta Ready Tomatoes, with olive oil and flavored with garlic and basil, which more directly targets products such as Del Monte's Chunky Pasta Style Stewed Tomatoes.

Ethnic flavors continue to add zest to the prepared canned food category. The 7.3 percent gain in Oriental prepared food bolstered the category with an $18 million increase in sales. And with margins at a generous 30.7 percent, supermarkets grossed $65 million from the category last year.

Hunt-Wesson hopes the combination of America's growing appetite for pasta and Chinese dishes will continue to bolster sales for its two La Choy bi-packs introduced earlier this year, Noodles with Oriental Style Chicken and Noodles with Oriental Style

Continued on page 164

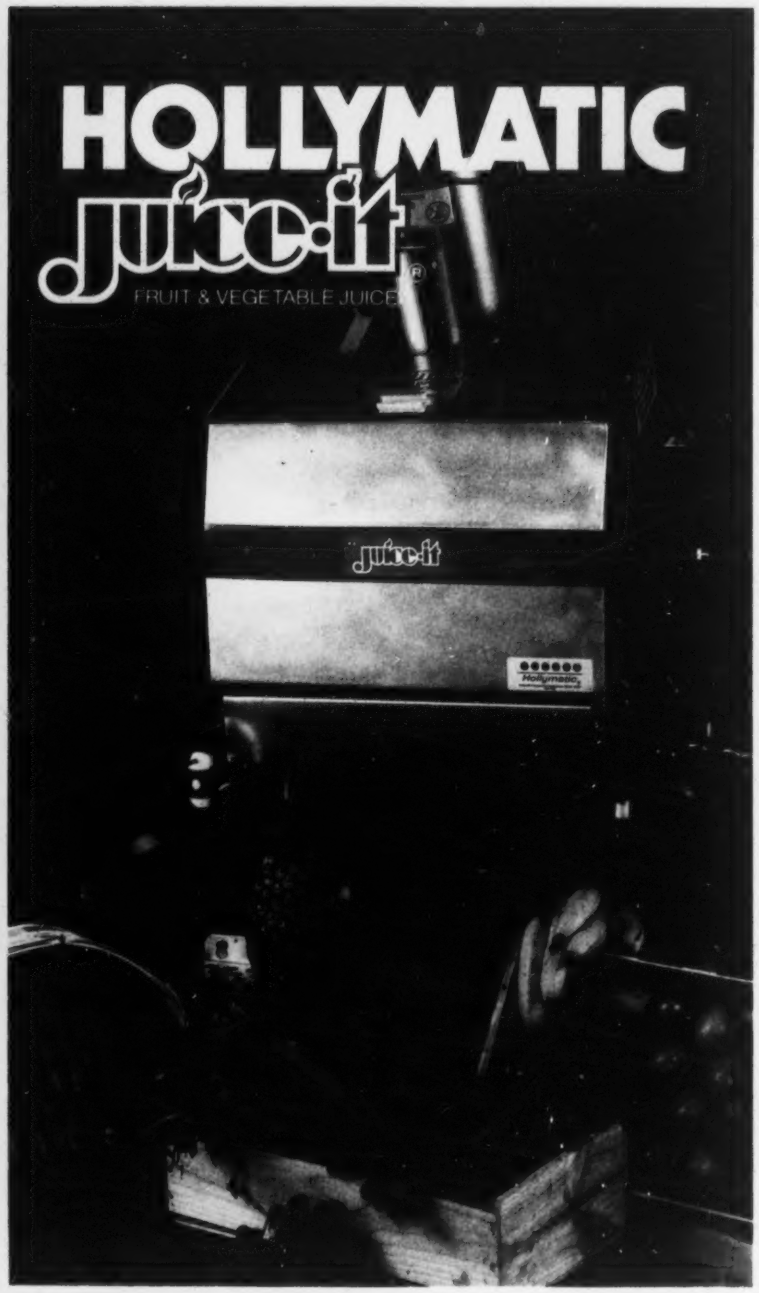
UPPER CRUSTACEANS

The utmost in quality.
The ultimate in crustacean sophistication.

Contessa®
The cultured pearl of shrimp

© 1992 ZB Industries, Inc
P.O. Box 1950 •
San Pedro, CA 90733-1950
310/832-8000

* Available in various forms and pack sizes



Pure, Clear Juice, More Of It... And Better Taste Too.

The Hollymatic Juice-It is a real profit maker. The state-of-the-art system turns over 30 different non-citrus fruits and vegetables into pure profit. In most cases, expect full payback in less than one year. Just load the hopper with up to 12 lbs. of product and start it up. The machine does the rest automatically - first, grinding, and then, squeezing and filtering. Only clear juice collects in the tray. The removable filter bag makes disposal of the solids easy. For more information contact Hollymatic or your local authorized distributor today!

Hollymatic®

Hollymatic Corporation, 600 E. Plainfield Road, Countryside, Illinois 60525.
(708)579-3700; Telex: 25-3092; Fax: (708)579-1057

Frozen

Continued from page 116

Along with new products from existing players, at least two new heavyweights join the frozen dessert fray—Lean Cuisine and Healthy Choice. Like the others, they strive for products that provide consumers with guilt- free (or at least guilt-reduced) indulgence.

ConAgra (Omaha) worked with Dreyer's Grand, Edy's, Wells Bluebunny and other ice cream makers on food gum blends that help give its Healthy Choice frozen desserts a creamy texture despite a fat content limit of two percent.

The 12-item line, introduced in eight cities in February and available in most of the nation's major markets in June, is finding a good retail reception and strong consumer response, according to Doug Youngblood, director of manufacturing and product development. "The biggest problem is keeping the product in stock," he says of the line, which is sold in half-gallons and quarts.

While Youngblood notes that basic flavors are usually the fastest movers, with vanilla typically accounting for 30 percent of an ice cream line's sales, the top Healthy Choice flavor is Pralines and Caramel. Other specialized flavors include Bordeaux Cherry, Fudge Brownie and Coffee Toffee Crunch.

ConAgra and its affiliates are now working on Healthy Choice frozen yogurt and various frozen novelties. They should be ready for test markets later this Fall, leaving enough time for a national rollout before the peak ice-cream buying months in mid- 1993.

Coldly calculating

With its new Lean Cuisine ice cream, Nestle subsidiary Stouffer's (Solon, Ohio) is betting on a slightly richer formula. While a great deal leaner than super-premium brands with fat levels of 15 percent or more, the 12-item line tips the scales with three to five percent fat levels.

Like the new Healthy Choice line, the flavor line-up competes for mainstream tastes, but with a few novel twists: there's Vanilla, French Vanilla, Chocolate, Strawberry, Butter Pecan, Cookies and Cream, Pralines and Cream, Chocolate Chip, Cherry Cobbler, Fudge Swirl, Apple Pie and Rocky Road.

The half-gallon cartons carry suggested retails of "about $4.19," according to product manager Ed Yuhas. That's a bit less, on a unit basis, than super-premium brands, and a bit more than mainstream half-gallon brands Sealtest or Breyers.

Breyers, now part of Kraft General Foods, celebrated its 125th year in 1991. Despite its antique heritage, the brand is still nimble enough to react to market trends. Kraft General Foods introduced Breyers Light ice milk in 1988 and Breyers lowfat yogurt in 1990. Sealtest Free, meanwhile, is a nonfat entry.

New flavors, novelties

Good Humor (Green Bay, Wis.), a subsidiary of Thomas J. Lipton and Unilever, relies on competitive pricing, innovative products and nostalgia to drive sales growth this year. Viennetta, a 20.3-fluid-ounce, loaf-shaped dessert, is made with 12 layers of ice cream and chocolate crisps. The product, available in Europe since 1982, serves five to six people and retails for under $3 a box.

The company is also supporting its four "Classic" novelties, Candy Crunch, Toasted Almond, Strawberry Shortcake and Chocolate Eclair—with a $5 million ad campaign, 40 million coupons and a 42-city tour featuring a renovated 1940s- vintage Good Humor truck.

If its classics ring a Pavlovian bell with older Americans, Good Humor targets the next generation with novelties. This year, they include Mini Milk ice-milk pops, made specifically for preschoolers, and Vampire's Secret, with "shocker" appeal for the "older" set. (The purplish novelties conceal an "oozing" red center).

Stonyfield Farm (Londonderry, N.H.) and R.W. Frookies (East Hampton, L.I.) can't match the shock value of Vampire's Secret, but their joint-venture product, the juice-sweetened Frookwich, is targeted at parents spooked by sugar and other more-complicated ingredients with unnaturally long names. Yogurt/cookie flavor combinations include vanilla/ chocolate chip, strawberry/ oatmeal and chocolate/chocolate chip.

H.P. Hood also expects its Hendries Kidwich mini-sandwiches to appeal to parents as well as kids, but for slightly different reasons, including a suggested $2.29-$2.79 retail price for a 16- count box. "We know adults who are watching their caloric intake will also be attracted to the smaller snack," says Michael Brandt, director of consumer marketing.

Hood also offers a rotating feature flavor program with its Hendries label. New flavors are available every three months, priced on par with other Hendries half-gallons, from $2.99 to $3.49. Some recent samples: Tin Roof Sundae, Cranberry Nut, Creme de Menthe Chip and Peach Melba. For the rotating Kid's Favorite line, there's Cotton Candy, Peanut Butter 'N Jelly, Chocolate Pudding Swirl and Rainbow Chip.

Along with competitive pricing, Borden (Columbus, Ohio) adds value to its Lady Borden ice cream line with additional flavors and mix-in fruit and nuts. This year's line includes Candy Bar Swirl, Chocolate Raspberry Macaroon, and Homestyle Vanilla, made with Eagle brand sweetened condensed milk.

Prepared food battles rage on

The total pie for frozen dinners and entrees shrank 6 percent from 1990 to 1991, despite the development of new, children-oriented lines by ConAgra (Omaha), Tyson Foods (Springdale, Ark.), Campbell Soup Co. (Camden, N.J.) and others.

"They're not setting the world on fire around here, but they do sell," says Many Foods' Michas. Even with the upscale clientele at his three stores, Michas had doubts about whether the "pricey" kiddie items would gain a following. "I was very skeptical at first," he says. For the amount of food the children's meals and entrees provide, "I didn't think people would find them worth the bucks."

While hard to quantify, one factor driving the success of the kids' dinners category is, undoubtedly, the "wheedling factor."

This phenomenon, noticed by parents of small children, is a chain-reaction that starts with exciting paperboard graphics and ends at home, when boxed dinner contents are microwaved, poked at, then discarded. After a heavy dose of TV advertising, the cycle repeats itself, starting with the next trip to the store.

ConAgra, currently waging blitzkrieg campaigns to expand its Healthy Choice franchise into retail arenas as diverse as canned soup, spaghetti sauce, dairy case cheese and ice cream, isn't ignoring the prepared entree battlefield where the brand scored its first big success.

In late July, the company announced Life Choice, a brand that ties in with *Reversing Heart Disease*, a best-selling book aimed at helping people reverse heart disease without drugs or surgery.

"Life Choice is the 'skim milk' of the frozen meals category, while Healthy Choice is the '2 percent milk,'" says James Tindall, president and COO of ConAgra Prepared Food Cos. The six-meal line was created in strict accordance with author Dr. Dean Ornish's program, and incorporates some of the recipes in his book.

ConAgra also managed to straighten up a fundamental contradiction in its frozen meal marketing plan. Ever since it introduced Kid Cuisine in May 1990, the company has apparently expected parents to buy a Healthy Choice for themselves, yet settle for fun-but-fatty fare for their kids.

That contradiction eased two months ago, when ConAgra relaunched its 26 kid-targeted Kid Cuisine, Mega Meal and breakfast items with nutritional profiles that average out to fit national guidelines.

"It's an ongoing process," says a spokesperson of the lighter breading and dessert-juggling that reduced the percent of fat-based calories from 34 to 28 percent. "We're always striving to get the fat content a little bit lower, and to make the meals healthier."

Despite its leaner profile, ConAgra has held the line on pricing, according to Foley. "In fact, we've implemented extensive price allowances to make the product more affordable," she says. Suggested retails are $1.99 for the 12 Kid Cuisine dinners, $2.59 for the six Mega Meals and $1.59 for the eight breakfast items.

Campbell Soup Co. (Camden, N.J.) plunges into frozen entrees for kids with its Swanson Fun Feast line, introduced nationally this spring. The eight-item line retails for $1.89 and features several novel concepts. Kids can lift out the frozen dairy dessert, letting it stay frosty as the rest of the meal cooks. They can also tuck it in the freezer and eat it later.

Campbell also cross-promotes its breaded seafood with a Mrs. Paul's Fish Sticks variety. And Mini Grilled Cheese Sandwiches stay crispy when zapped. Like all the meals for kids, cooking time is three minutes or less.

Once upon a time, there were two types of food—diet food,

Continued on page 162

GRATE EXPECTATIONS

Contessa's red hot.
So expect your shrimp sales
to sizzle.

Contessa®
The cultured pearl of shrimp

1992 ZB Industries Inc.
P.O. Box 1950
San Pedro, CA 90733-1950
(310) 832-8000

Available in various forms and pack sizes.

Frozen

Continued from page 161

and "who cares?" Today, two in five Americans opt for lower-calorie food, and two in three adults choose lower-fat items. With a "niche" that large, it's only logical that companies like Weight Watchers (Pittsburgh) cater to sub-niches.

So far this year, the H.J. Heinz affiliate has introduced three sub-lines flanking its traditional white-box line: Ultimate 200s (for calorie- counters), Stir-Fry (beef or chicken dishes with zesty flavorings) and Smart Ones (for fat-gram watchers). By this month, the sub-lines will include 40 frozen entree items.

With more choices, the sub-line concept may seem to make dieting more complex. But Weight Watchers indicates the specially- formulated groups let consumers grab and go, with less fine-print scrutiny, not more. "Each one has been crafted to provide unique consumer benefits and meet desired consumer needs," notes Linda Webb, general manager, corporate affairs.

Weight Watchers also recently introduced 11 new frozen desserts including microwavable sundaes (special packaging makes the sauce hot, not the ice milk); Caramel Nut Bars, Brownie A la Mode, and a 120-calorie Chocolate Eclair. And the company adds four budget-priced basics to its regular line, including fat-reduced Macaroni and Cheese, priced to sell below $2 retail, vs. $2.19 for Smart Ones and $2.59 for Stir-Fry entrees.

Home basics

In May, Stouffer Foods Corp. (Solon, Ohio) unveiled the biggest change to its logo in its 38-year history, dropping the traditional Dutch Oven design. But Stouffer's still pitches the core of its 150-plus item line of entrees, side dishes and french bread pizza to America's home plate.

Stouffer's Homestyle Favorites sub-line, with items like Beef Pot Roast and Browned Potatoes, has expanded to 14 items since its 1990 introduction. Classic macaroni and cheese, first introduced in 1954, remains the company's best-selling frozen entree. And even the newfangled flavors in the new Lean Cuisine ice cream line—apple pie and cherry cobbler—have a reassuring, homey ring.

But within its most recent additions to its Lean Cuisine line, Stouffer adds some untraditional items to such basics as meatloaf with macaroni and cheese and baked potato with sour cream and chive sauce, typically priced between $1.89 and $2.79. They include Angel Hair Pasta marinara with zucchini, mushrooms, peppers and carrots and Honey Mustard Chicken.

The Lean Cuisine line, reformulated last year to contain no more than 30 percent of calories from fat, no more than 65 mg of cholesterol, fewer than 600 mg of sodium and fewer than 300 calories, continues to be fine-tuned. The most recent change affects a minor ingredient— vegetable oil. Stouffer's switches from corn to canola oil.

Riding the trends

Campbell, which followed the 1981 introduction of Stouffer's Lean Cuisine with its own Le Menu debut in 1982, continues to aim at a more upscale target. In January, Campbell's relaunched the line under the New American Cuisine banner, basing the menu on frequently-ordered items at contemporary restaurants.

The line, priced at a suggested $3.39, uses grilling and roasting as well as lighter sauces to address healthy eating trends. The line is grouped into three categories: "From the Grill," with five items; four "Bistro Favorites" and three "Melting Pot" selections.

A sample grill item is Santa Fe- style Grilled Chicken, served with a rice, corn and black bean medley, with zucchini, carrots and a corn muffin. "Bistro Favorites" include updated traditional meals such as pot roast with mushroom gravy, served with red-skin potatoes, carrots and peas. "Melting Pot" includes Veal Parmigiana updated with sliced peppers; Sweet & Sour Chicken with oriental vegetables; and Chicken Parmigiana in chunky tomato sauce with pasta.

Campbell's is also hoping to train its Mrs. Paul's consumers to scrutinize the fine print and throw back competing brands that are higher in fat. The new Healthy Treasures breaded seafood line, nationally introduced in January, eliminates the frying process and keeps fat to three grams per serving. Priced at $2.49, the line includes fish

30 MOUTH-WATERING VARIETIES. ONE MIND-BOGGLING STANDARD.

Consistent, high-quality turkey. Competitive price. Unmatched customer service.
Call Jerome Foods at 1-800-JEROMES.

FRESH
DELI·MEATS

©199[illegible]ods, Inc.

sticks and fillets, with 150 and 170 calories, respectively.

As a whole, the frozen pizza category is bubbling at a much hotter growth rate than the frozen prepared foods category as a whole—up 6.4 percent, versus a one percent prepared foods decline, according to CES. But frozen pizza still lags a bit in growth behind fresh pizza, and frozen pizza accounts for a mere sliver of the total that consumers spend on all kinds of pizza.

"There's a definite opportunity for frozen pizza manufacturers," says Jim Dwyer, Tombstone's vice president of marketing. He notes that while frozen pizza represents a $1.6 billion business, Americans spend something like $17 billion every year for all types of pizza, including restaurant and take-out varieties.

Take it home

"Home-delivery and take-out account for 60 percent of pizza sales," Dwyer says, outlining opportunities for grocery store growth. "If we can convince consumers to 'take out' from the supermarket, we will expand the frozen pizza category to include many adults who are not currently purchasing frozen pizza."

Dwyer notes that even super-premium frozen pies cost under $5, while take-out pies typically cost $6 to $9. They heat up in a conventional oven in 20 minutes; most home-delivery outfits require at least 30 minutes to make and deliver customer orders. The only remaining hurdles seem to be taste differences—real or perceived—and the need to convince consumers to change their pizza-buying habits.

Dan Koch, director of marketing for Tony's Pizza (Marshall, Minn.) agrees about the opportunity to expand frozen pizza growth, noting that, in all its forms, pizza has "eclipsed hamburger as the most popular food." But he adds that it doesn't make much sense for supermarkets to expect lower-quality, 99-cent pies to help them win the war against Pizza Hut and Domino's.

"Consumers are demanding more and more quality, not less," he says. "The higher-quality pizzas give a higher dollar ring, and they move very fast when promoted," he adds. "Why not dedicate more space to it, and promote it more often? We could be taking a bigger share of the [total] retail dollars for pizza."

Gene Welka, president of McCain Ellio's Foods (Lodi, N.J.) and the National Frozen Pizza Institute, cites a mismatch between pizza sales and available space in the freezer case.

"Frozen pizza accounts for about seven percent of total frozen food sales," he says. Citing research revealing that retailers typically devote only five percent of their freezer space to the category, he asserts that "if you look at the sales in dollars, we're under-spaced by about 30 percent." By contrast, Welka adds, frozen dinners and entrees are "way over-spaced."

Along with more space, Welka says retailers could make better use of their promotional dollars by getting their ads in synch with what they're capable of displaying in their freezers. Too often, he says, a brand-glutted ad is paired with a limited freezer case display. That, he says, becomes "a self-fulfilling prophecy"—wasteful out-of- stocks, which waste ad money, lower potential sales and create unhappy consumers. His advice: "Don't go crazy on the number of brands featured in the same ad," unless there's extra freezer space that can store enough product to meet the demand.

While many retailers cut back freezer space for pizza in the warmer months, giving some of it to frozen novelties and ice cream, Welka aims to balance the warm-weather dip in frozen pizza demand with three flavors of McCain Ellio's new super-premium BBQ Sauce pizza. The line was introduced in late July, priced to sell at about $1.79-$1.99 for cheese and $2.29-$2.49 for meat varieties.

"It was a two-year undertaking," Welka says of the product, which can be thrown onto the grill, on a sheet of foil, next to the hot dogs and hamburgers. Close the cover, and the heat melts the hand-made crust, the barbecue- flavored sauce, and the cheese, beef and chicken toppings. "It's a very simple process," Welka says, adding that the product can be cooked in a conventional oven as well.

McCain Ellio's isn't the only company with a super-premium barbecue pizza product. Little Lady Foods Inc. (Elk Grove Village, Ill.) introduced BBQ Chicken Pizza as the eighth flavor for its regional Bravissimo handmade pizza line, which is partially cooked before it is flash-frozen. Other flavors include sausage, spinach, deluxe, four-cheese, pepperoni, combination and Mexicana supreme. Retail pricing ranges from $3.99 to 4.49.

■ Frank Hammel

GET COOKIN'
Warm up to Contessa.
And take your shrimp sales off the back burner.
Contessa
The cultured pearl of shrimp
1997 ZB Industries Inc
P.O. Box [illegible]
San Pedro, CA [illegible]
[illegible]
Available in various forms and pack sizes

Snack Foods

Continued from page 135

the cracker mainstays are now available in this miniature form and manufacturers continue to roll out new mini-versions of a wide array of products.

"Fun positioning" is the way Borden describes its effort to put a new spin on an old product. Doodle O's gives a new shape to Borden's extruded cheese snack, Cheez Doodles. Its colorful packaging and "Foxy Doodle" character particularly appeal to the younger generation.

Not popping

If new product categories have driven growth and excitement in the snack industry, the popcorn and peanut markets have been slogging it out over the past year. SFA figures show that growth of popcorn sales slowed to 4.4 percent in 1991, following a period of rapid growth and product introductions. The healthier "low-oil" or "light" varieties accounted for the major sales gains in both ready-to-eat and microwavable popcorn. Low salt versions also did well. Eagle Snacks' Bowler looks forward to some tempting line extensions in the coming year to put more life into the market.

Snack nuts continued to show the effects of a poor peanut crop in the fall of 1990. But Procter & Gamble is currently test marketing a new taste concept in mixed nuts—Fisher Favorites. Available in three varieties—toffee, praline, and honey glazed—Fisher Favorites are different from other mixed nut products because the peanuts and almonds are flavor coated, according to a spokesperson who declared "Consumers will no longer eat the cashews and leave the rest."

As long as tough economic conditions persist, manufacturers will be forced to court a consumer who has come to expect price breaks when buying snack foods. Garry Allen, general manager of Herb's Foods, Lawton, Oklahoma, noted that his stores "have had good luck with the buy one, get one free campaigns in the potato chip segment." While providing manufacturers with coveted market share, this brand of price competition has also slashed margins significantly throughout the industry.

Eagle Snacks' new "Pick a Pair" retail campaign tries to attract new snackers without eroding already narrow profits. Advertising and trade promotions offer consumers the chance to simultaneously purchase two Eagle products in different categories at the same price. In president Bowler's view, this campaign is good for his company and retailers alike—snackers wind up trying one more Eagle product and the retailer is rewarded with an incremental sale.

The challenge ahead for snack companies is clear. Create new, robust-flavored products that carry higher margins and justify added shelf space. At the same time, energize existing lines with advertising and promotions that do not compromise financial viability. Just how well snack manufacturers succeed in both missions will determine their profitability in the coming years.

■ Moira Madonia

PROCTER & GAMBLE
NOTICE TO OUR CUSTOMERS

ATTENTION: STORE MANAGER/OWNER

We offer annual funded Marketing Agreements to all retailers in the U.S.A. Payments are made for performance under the applicable plan: FMA plan–purchase, distribute, or reduce price; CMF plan–purchase and/or distribute cases for print/electronic media featuring and/or display and/or price reduction and/or in-store sampling/couponing and/or selling/consumer shows. Other programs involve distribution by agencies of product coupons and samples in stores, in various markets at various times. Also, we offer display material, newspaper proofs, etc., to assist you in merchandising our brands.

Details are set forth in specific agreements. These offers are practical and usable by all retailers regardless of size. You may now be performing under an agreement, and payments are being made to you or your headquarters or wholesaler on your behalf. In some instances, wholesalers commingle these funds for the benefit of all their retail customers.

If you are not receiving benefit of these offers either directly or through your wholesale supplier and would like to do so, send your name, address and telephone number to Procter & Gamble, Box 162, Cincinnati, Ohio 45201, and we will contact you. Please specify the Company product line.

Beauty Care Sector
Health Care Sector
Food/Beverage Sector
Paper Sector
Soap Sector
Cosmetics and Fragrances Sector

© 1992 Procter & Gamble Co.

Canned

Continued from page 159

Beef. Suggested retails range from an everyday $3.09 to a $2.69 promotional price.

Consumer interest in Oriental foods is evident even in brands as close to the middle American mainstream as Betty Crocker's Skillet Chicken Helper. Last fall, it developed a stir-fry line extension.

Mexican-flavored foods are spicing up the canned prepared category as well. Its 3.6 percent gain added $26 million in 1991, to just under $600 million, $176 million of which was gross profits. Hormel, which links its canned prepared Mexican food to the popular Chi-Chi's restaurant name, extends the brand from its salsas, sauces and dips to include 15 ounce cans of refried beans as well.

Hot tuna. Hotter sales?

Canned tuna suppliers are struggling to keep sales and margins afloat, in a $1.42 billion sub-category that was off by $218 million or 6.2 percent last year.

The idea of Mexican tuna might leave a bad taste in the mouths of dolphin-loving activists, but dolphin-safe, jalapeno-flavored tuna might not. That's the hope of Bumble Bee Seafoods (San Diego), which recently added such a variety to its water and oil packed lines in Southwestern markets.

"It got a very favorable response," says Eric Brown, vice president of marketing. Bumble Bee hopes its $550,000 investment in high-tech tuna-locating technology pays off as well. If it works, it will give commercial fisherman in Mexico and elsewhere an alternative to the practice of dropping nets on dolphins to get at the tuna below.

While the Jalapeno variety retails for $.89-$.99 per 6.1 ounce can, Bumble Bee has also generated interest with its premium-priced Diet Low Salt Tuna, which retails near $1.49. That item was introduced in mid- 1991 and rolled out nationally earlier this year.

StarKist, marketed by H.J. Heinz (Pittsburgh), has been focusing its new tuna product efforts on the packaging more than the contents. Its Charlie's Lunch Kit starts with a 3.25 ounce can of chunk white or chunk light tuna and shrink-wraps packets of mayonnaise and relish (Heinz, naturally), six crackers, a spoon and two clear cups. Consumers drain packing water in the top cup and mix the ingredients in the bottom cup. The product appeared in vending machines before rolling to supermarkets this year.

At the opposite end of the value/convenience spectrum, Van Camp Sea Food (San Diego) has seen an uptick in demand for larger sizes of its Chicken of the Sea brand, including 66- ounce cans. But Joe Berry, director of marketing, doubts that the bigger cans are rolling to average-sized households. Local delis, he notes, may use club-pack sections at supermarkets as a handy alternate source of supply to their regular wholesaler. This year, Van Camp is also hoping to use institutional foodservice channels to beef up public awareness of tuna as a healthy substitute for other kinds of meat.

■ Frank Hammel

Soft Drinks

Continued from page 139

their own. "The caffeine-free and diet colas are still tending to outgrow sugared colas," the spokesperson says. "And they're strong brands—Diet Pepsi and Caffeine-Free Pepsi are in the top 10 of all soft drinks sold."

New age appeal

Carl Gilman, vice president of marketing for Snapple, suggests that the key factor driving the brand's rapid sales growth isn't all that different from what's driving sales in other sections of the supermarket.

"People care about what they ingest—everybody's reading labels," Gilman says. Along with its expansion to national distribution in July, Snapple has flowed from the low-volume "Mom & Pop" cold-case accounts to higher- volume supermarkets. "Five years ago, we weren't in any chain stores, anywhere," Gilman says, adding that Snapple now claims 20 to 60 linear feet of high-volume supermarket shelf space. "Each year, footage has grown."

To fill that expanding space, Snapple continues to broaden its product lines. New carbonated beverages include Strawberry Blush and a ginger beer; Pink Grapefruit Cocktail joins the non- carbonated line, and the iced tea collection expands with a new peach flavor and a diet decaffeinated option.

The newest item in the Snap-Up energy drink line, meanwhile, meets iced tea halfway. "We've married the two hottest-selling items—Snap Up and iced tea," Gilman says. While Snapple is "number one in tea," Gilman says he'd "be happy with about five percent" of the growing energy drink business.

Energy drink vigor

Sales for the amorphous "new age" segment are probably growing faster right now than those for energy drinks. But among the soft drink categories tracked by CES, energy drinks lead the race in total dollars ($1 billion), dollar growth (10 percent) and gross margin (29.6 percent).

While energy drinks beat total bottled water sales ($696 million) and profit margin (27.8 percent), supermarkets lose 10 percent of energy drink sales to other outlets. Supermarket share of bottled water, by contrast, is almost leak-proof, at 99 percent.

So while the strapping energy drink segment pumped up supermarket sales with a healthy $630 million, bottled water sales contributed even more—$645 million, according to CES. Both categories have margins that are more tempting than those for bottled soft drinks (22.8 percent) and for the category as a whole (23.5 percent).

Pumping liquid

Much of the credit for the rise of sports drinks goes to the company that dominates the category, Quaker Oats (Chicago). After acquiring Gatorade from Stokely-Van Camp in 1983 for $95 million, Quaker has been the driving force in the category's ten-fold increase in sales, from $100 million to $1 billion.

In an effort to please more tastebuds, Gatorade launched its seventh flavor—grape—earlier this year. The others are lemon-lime, orange, fruit punch, lemonade, citrus cooler and tropical fruit. Tests show the new flavor to be popular with kids and adults aged 20-34.

As with iced tea, Coca-Cola, Pepsi, A&W and others are jumping into the energy drink pond, making it bigger in the process. Coca-Cola hopes to turn a sleepy fountain-account brand, PowerAde, into a major new energy drink, and introduced the retail beverage into four Southern test markets in April. Pepsi's new Allsport, meanwhile, is already in 25 percent of the nation's markets. And last month, A&W announced market tests for Everlast, a sports drink set to break nationally in 1993.

Coca-Cola's PowerAde and Pepsi's Allsport are available in lemon- lime, orange and fruit punch flavors, and both are sweeter- tasting, and tout a higher concentration of high-energy carbohydrates, than the venerable Gatorade brand.

A&W's Everlast takes a new-age cue and goes clear, with no artificial colors, flavors or preservatives. Flavors include lemon-lime, orange, grape and mixed berry, in 16 and 32-ounce glass and plastic bottles.

A Quaker spokesperson expressed no illusions about the promotional and distribution clout of the big brands. "They're going to be formidable competitors," he says. At the same time, the company isn't quaking in its cross-trainers. As its representative pointed out, Quaker has been competing with up to 30 regional energy drink brands for years.

Those smaller players—and other newcomers, such as the clear- colored Hy-5 from Grey Eagle Enterprises (St. Louis), one of Anheuser-Busch's beer distributors—aren't as powerful as Coke or Pepsi. But so far, at least, Quaker is holding its own. While Coca-Cola was able to tout PowerAde as the official sports drink of the Olympics, for example, Gatorade can exhort the MTV crowd to "be like Mike" and drink Gatorade. Mike who? Jordan, of course—probably the best-known athlete at the Games.

Quaker also believes that while Coke and Pepsi are hoping to win over consumer taste buds with a sweeter-tasting product, Gatorade will prevail among consumers looking to replace lost fluids.

"We feel very strongly, after years of research in exercise physiology labs, that from a performance standpoint, the current formulation is about as ideal as you can get," the spokesperson says. "The carbohydrate level is where it should be. And people who are hot and thirsty and have exercised heavily find the taste of Gatorade exactly right—they're not looking for a sweeter-tasting product."

Perrier still re- building

In the bottled water segment, Perrier has made some progress toward regaining the sales it lost with its highly- publicized recall in February 1989, but the brand as a whole has yet to recover 100 percent, according a company spokesperson. She cites sluggish demand in restaurants, which have been hurt by the recession.

At presstime, the company was optimistic that its recent ad campaign, "Part of the Local Color," would help spur restaurant volume along with sales for its original Perrier and four flavor extensions, lemon, lime, orange and berry.

As its namesake brand treads water, Perrier churns ahead with new flavors marketed under other brand names. Ice Mountain, now available carbonated and non- carbonated, includes cherry, blackberry, raspberry and peach flavors. Calistoga Country Orchards, a non sparkling spring water, has been extended as well, and now comes in lemonade, cranberry-raspberry, concord grape, pink grapefruit and cranberry-apple varieties.

■ **Frank Hammel**

NEW
ALPS®
WE ARE THE MOUNTAIN HIGH™
SUPER PLUS™

AVAILABLE
IN 50 PCS.
COUNTER
DISPLAY
TRAY
OR
SINGLE PK.
BLISTER.

ACTUAL SIZE

For more informations:
(213) 802-7618
SHENS INT'L CO., USA
P.O. Box 433, Los Alamitos, CA 90720
Fax (213) 802-8311

Video

Continued from page 150

by theatrical videos, say consultants and video marketers. First, appropriate videos can be cross-promoted with numerous supermarket product categories. Second, special interest video is a young market poised for growth.

"The category will experience enormous growth over the next two to four years," says Tom DeMaeyer, president, Bowling Green Associates, a management consulting firm for the video industry. DeMaeyer says programmers have thus far reached only 15 to 20 percent of the potential market.

Growth will gain speed "once there is a clear mechanism to get the product to the market place, letting consumers know what is available. There is no advertising as with theatrical tapes," consultant DeMaeyer notes.

Most sales today occur through direct marketing, as with last year's highly-popular PBS Civil War program which was sold over television, and Golf Magazine's golfing tapes, sold through magazine ads, DeMaeyer says.

But special interest video companies—eyeing the supermarket floor as avidly as Ponce DeLeon once scanned the balmy coastline of Florida—are bent on changing that trend.

"Supermarkets are a key target for us. There is a tremendous opportunity for them to use video to promote supermarket products," says Harold Weitzberg, vice president, sales for Wood Knapp, a West Coast special interest video company.

Wood Knapp videos include a 17- title series on how to take photos produced by Kodak; Angela Lansbury and Rita Moreno workouts, Bon Appetit cooking tapes and Paul Newman and Mario Andretti car racing tapes.

The vendor, in its "Stuff-It" program, will put the retailer's coupons in the tape package, flagging the value on the box.

"A lot of our programs work much better in outposts (away from the video department) and paired with the appropriate products. A Wood Knapp how-to tape on weddings blister-packed with a book can be featured, for example, in a floral department.

"The key thing to realize is that our product is primarily a sell- through product that people want to hold onto," says Weitzberg.

Fitness videos have been a cornerstone of success for supermarkets in special interest video. That was underlined this year with the best-selling success of "Cher Fitness," which has become, since its November 1991 launch, "the best selling fitness video in the world," says Kevin Conroy, director of marketing, sports and fitness products, CBS FoxVideo (New York).

The key to success in fitness videos is to feature a usable, repeatable workout, and in the case of the "Cher Fitness" Video, a personal trainer leading the exercise to add credibility, says Conroy.

Supermarkets represented over 20 percent of distribution of the 90- minute workout tape, on which consumers got a $5 rebate in a cross-promotion with NutraSweet's Equal sweetener that peaked in the first quarter.

Conroy said CBS FoxVideo is "committed to developing the Cher Fitness video brand."

In general, the key to sell-through, says Mindy Phillips of MGM/UA Home Video, is "very knowledgeable people in-house." Don't hire someone to staff the video department unless they know and like both people and films, she advises. "You need someone capable of truly hearing the customer, and making intelligent suggestions in regard to your store catalog."

If this isn't possible, do your best to see that merchandising makes up for it, she adds. "Make sure your satellite products are merchandised around central ones."

■ **David Vaczek**

Back Room

Continued from page 157

ture," he says. "If charities in this area haven't gotten the hint by now, it might be appropriate to start prosecuting these people so they do get the hint, so there is a deterrent effect out there."

Another tool to put a stick in the spokes of coupon fraud, Sarmousakis says, is through the new sentencing guidelines for the crime which have recently taken effect. "The old way," he says, "the judge could give anything he wanted and they were eligible for parole after serving one-third of the sentence. Now, it's a minimum of 27 to 33 months, and you have to serve everything except 15 percent. The fines mandated by the guidelines begin at $50,000, too."

Even under the old way, though, things could occasionally get extremely hard for coupon schemers. One guy in the "Coupon King" ring in southern Florida who wouldn't accept a government deal ended up getting "17 years and huge probation," according to CIC's Bud Miller.

And when the Justice Department is finished with convicted coupon crooks, the friendly minions of the IRS are waiting in the wings. "It's a rare instance where there's coupon fraud without tax evasion," says Sarmousakis. "There's back taxes, interest and a 50 percent whack on the fraud penalty plus interest. You can triple the amount of the fine through the interest and the penalties from the IRS."

When asked if he thinks coupon fraud will continue, Sarmousakis says, "I don't know if it'll ever be totally eliminated. We've made a positive impact, but you know what Willie Sutton said about why he robbed banks? 'Because that's where the money is.'"

True, but Willie Sutton, who spent a great deal of his life behind bars, was doubtless acquainted with another criminal maxim that supermarketers and others tempted to play the coupon game should remember: If you can't do the time, don't do the crime." ■

AMERICA'S CAN OPENER FOR OVER 50 YEARS

SWING-A-WAY

Call 1-314-773-1487
Swing-A-Way, St. Louis, MO 63116

TRADE NOTICE TO
TROPICANA PRODUCTS SALES, INC.
CUSTOMERS

From time to time, Tropicana Products Sales, Inc., offers promotional and advertising allowances that are available to competing resellers of Tropicana brand products. For details of such offers currently available, send your name, address and telephone number to:

Tropicana Products Sales, Inc.
P.O. Box 338
Bradenton, FL 34206

C4655-1

SUPERMARKET BUSINESS

$7.00
PER COPY

VOLUME 47/NUMBER 10
OCTOBER 1992

THE ■ THINKING ■ PUBLICATION ■ FOR ■ THINKING ■ PEOPLE

5TH ANNUAL PRODUCE OPERATIONS REVIEW

AN INSIDE LOOK AT DEPARTMENT PERFORMANCE

************** 5-DIGIT 20814
66 SBSC4580916
CONGRESSIONAL INFO SERVICE
CONGRESSIONAL INFO SRV INC
4520 EAST-WEST HIGHWAY
BETHESDA MD 20814

SUPERMARKET BUSINESS

OCTOBER 1992

VOLUME 47
NUMBER 10

THE ■ THINKING ■ PUBLICATION ■ FOR ■ THINKING ■ PEOPLE

COVER PHOTOGRAPHY: MARISA PELLEGRINI

ON THE COVER
5th Produce Review: Strong results brighten an already-colorful picture

COVER STORY

35 **Fifth Annual Produce Review**
David Litwak and Nancy Maline Recession, bad weather and pesticide concerns notwithstanding, produce remained a sales and profit star in 1991. With improved crop production supported by strong consumer promotion, juicy results may again be in the offing.

FEATURES

19 **Why the EDLPP Issue Won't Go Away**
Ken Partch Vendors are thinking about turning off the street money spigot in favor of more media advertising—and making some distributors very uncomfortable.

27 **Market Metrics' Quest to Sell Micro-Marketing**
Bob Ingram Can two guys from the manufacturer/broker side move the industry further into data base marketing? Some retailers think so.

46 **A Moonlight Serenade to the Night Crew**
A pictorial plaudit for those workmen of the wee hours, who keep the business going while we sleep.

48 **Personal Business: Bill Julio Plays Hardball**
Bob Ingram His livelihood is the supermarket business, but his passion is baseball—and Bill Julio is a "gamer" in both fields.

INSTORE BUSINESS

51 **$crivner brings the Jubilee to Buffalo**
Frank Hammel With financing from their Oklahoma-based wholesaler, upstate N.Y. independents are adding much-needed foodservice clout.

63 **A Tree Grows in Amish Country—'Shady Maple'**
Bob Ingram Once a 3,600-sq.-ft. grocery store, this East Earl, Pa. landmark has evolved into a powerhouse with impressive instore credentials.

NONFOODS BUSINESS

77 **In Video, Only the Interest is Automatic**
Howard Riell Consumers frequent supermarkets. Consumers love home video. With the right effort, the two should add up to brisk, profitable fourth-quarter business.

Micro-Marketing 27

DEPARTMENTS

EDITOR'S VIEW 5
What if Clinton Wins?

WASHINGTON BRIEFS 9
A stiff hike in the minimum wage appears likely within a year.

TRADESCAN 11
Are more and more supermarkets arming themselves with "clubs?"

SUPERMARKET SAGE ...13
Gravity meets Levity.

TECHNOLOGY...............15
Two major industry studies target greater system efficiency.

PRODUCE 45
Value-added produce looms as a key growth category.

ADVERTISERS' INDEX ...91

CONTEST.....................96

CHECKOUT

98 *Here's a greeting card you wouldn't want to get.*

EDITOR'S VIEW

Ken Partch

What if Clinton wins?

At the recent GMA Legal Conference in Washington, Robinson-Patman and the legal cases it spawned were much-discussed, but Fred Meyer was noticeably unmentioned.

In these days of more and more discussion of slotting allowances, deep deals and discounts, end-of-deal buy-ins, forward buying, and now a possible return of EDLPP (everyday low purchase prices), we can't help wondering what might happen if Bill Clinton becomes President.

After all, with a Congress that is likely to remain Democratic, wouldn't the election of a Democratic President tend to imply the return of a tough Federal Trade Commission, one bent on strict interpretation of Robinson-Patman?

Robinson-Patman, you may recall, is the amendment to the Clayton Anti-trust Act that got Judge Robert Bork so bent out of shape. This is the law according to Bork that is preventing manufacturers from offering more discounts to consumers. That complaint has always puzzled me in two ways: One, how could there possibly be any more promotional discounts than already available; and two, how does a law that is almost universally unenforced have such an impact?

I've always been puzzled about how a law that is so generally ignored, even by those charged with enforcing it, became so widely disliked, criticized and even ridiculed by everyone from lawyers, judges and Congressmen to Federal Trade Commissioners (especially Federal Trade Commissioners), and yet still leads to so much general discussion at industry and business meetings. To invoke Robinson-Patman is almost like invoking the devil, or evil itself.

Yet in every survey conducted by this magazine since 1986, including one now in progress, the great majority of retailers, wholesalers and even manufacturers favor more, not less, enforcement of R-P.

Indeed, we have just returned from the GMA Annual Legal Conference in Washington, where an entire afternoon was spent discussing Robinson-Patman issues and concerns. One of the speakers, Terry Calvani, former Acting Chairman of the FTC, gave us an excellent introduction to the meaning of the Act, and pointed out that R-P was never intended to address consumer welfare, and "was not designed to protect competition, but to protect competitors [especially cooperatives against their corporate competitors]."

The Act, Calvani went on, was designed to protect small businesses, but even that hasn't worked because the brunt of FTC enforcement has historically fallen on small businesses, while large companies have been most successful in having their complaints dismissed. So why all the fuss and concern?

There is something most baffling here. Former FTC Chairman under Reagan, Daniel Oliver, all but called for repeal of Robinson-Patman. Robert Bork attacked the Act as anticonsumer. Calvani tells us it is certainly not pro-consumer, nor in its enforcement, pro-small business. In the grocery industry, which gave *raison d'etre* to Robinson-Patman in the first place, R-P has been all but moribund, even though numerous actions and abuses cry out for enforcement.

What goes on? What nobody seems to want to mention is that the Supreme Court upheld the FTC in its case against Fred Meyer in 1967. Indeed, the recently updated and revised FTC rules on advertising allowances and promotions are called "The Fred Meyer Guidelines." The original decision, it seems, has

Continued on page 11

SUPERMARKET BUSINESS

EDITORIAL

Editor-In-Chief, Vice President
Kenneth P. Partch

Editorial Director, Vice President
Carol Fenchalt

Managing Editor Richard DeSanta
Senior Editor/Research David Litwak
Senior Editor Bob Ingram
Research Editor Nancy Maline
Editorial Assistant Arlette White
Art Director Jerry Tortorella
Computer Graphics Warren Schroeder
CONTRIBUTING EDITORS:
Features: Frank Hammel
Produce: Barney H. McClure
Technology: Richard Shulman
Washington: Ken Rankin
Store Planning: David Rogers
Management: Jack Cohen

Publisher Jeffrey A. Schaeffer
Associate Publisher, Vice President
Carol Fenchalt
Circulation Director, Vice President
Frank Marino
Administration, Vice President
Catherine Cahill
Production Director Gregg Weatherby
Manager, Support Systems Rachel Crouchell

ADVERTISING SALES

EAST COAST OFFICE
1086 Teaneck Road
Teaneck, NJ 07666
Phone: (201) 833-1900
Fax: (201) 833-1273
Regional Sales Manager Don Rocco
Sales Development Director Janet Isenberg

MIDWEST OFFICE
3601 Devon
Chicago, Ill. 60659
Phone: (312) 478-6494
Fax: (312) 478-5046
VP, National Accounts Dave Wiskard
Regional Sales Manager John Sonderegger

WEST COAST OFFICE
Sue Merritt
20700 Ventura Blvd., Suite 310
Woodland Hills Calif. 91364
Phone: (818) 340-4666
Fax: (818) 346-9700

HOWFREY COMMUNICATIONS, INC.
Chairman & CEO: Jeffrey A. Schaeffer
President & COO: Howard Ackerman

SUPERMARKET BUSINESS Magazine (ISSN 0196-5700) is published monthly by Howfrey Communications, Inc., 1086 Teaneck Road, Teaneck, N.J. 07666. Telephone (201) 833-1900 U.S. subscriptions $65 per year; Canada, $75 per year. Foreign subscriptions $110 (seamail), $233 (airmail), per year. Single copies $7, except Consumer Expenditures Study (September issue) $35 per copy. (Discount prices available on multiple purchases.)
Copyright © 1992 Howfrey Communications, Inc. All rights reserved. SUPERMARKET BUSINESS is a registered trademark of Supermarket Business Inc.
Second class postage paid at New York, N.Y., and additional mailing offices.
All circulation inquiries to: SUPERMARKET BUSINESS, P.O. Box 175, Winchester, MA 01890

WHY
THE ISSUE OF EDLPP WON'T GO AWAY

There is a sword of Damocles hanging over the grocery industry. It is a sword suspended by a hair that is demonstrating the precariousness of today's buyer/seller relationship.

The buyer's power has been in ascendency for nearly a decade, as promotional and advertising spending have shifted in favor of trade promotion at the expense of media advertising.

But that power may have peaked in 1991, as manufacturers began to re-examine the possibilities of *dead net pricing* to distributors, with fewer and smaller promotions and a return to greater spending for media advertising.

According to Donnelly Marketing's 14th Annual Survey of Promotional Practices for 1991, trade promotions reached a peak of 50 percent of total spending, with consumer promotions and media advertising receiving 25 percent each. Almost all the gain in trade promotion spending (5.2 percent) came at the expense of media advertising, which suffered a loss of 5.5 percent. Consumer promotion has remained fairly steady over the same period.

The shift in marketing power over the last decade has made trade promotion the driving force. But marketers are taking a new look at greater media advertising spending, with fewer and smaller promotions.

In 1992, however, a number of packaged goods companies, including the heaviest advertising spender of them all, Procter & Gamble, announced increases in advertising budgets in order to improve the share of brands against the growth of private label products and other "price" alternatives. The importance of rebuilding consumer franchises is also being mentioned.

There are several factors in the return or the re-examination of dead net pricing or everyday low purchase pricing. One is the success of EDLP retailers such as Food Lion. Another is the impact of so-called alternative retail formats, the Wal-Marts, Kmarts, warehouse clubs and deep discount drug chains, which also employ some form of everyday low pricing. A third is the prolonged recession, which threatens to make price-based formats even more attractive to consumers.

BY KEN PARTCH

The final quarter of 1992 and the expected economic climate in coming years present a far different picture than the business climate of 1988, when a team of Harvard Business School analysts, headed by Professor Walter Salmon, made its presentation on Trade Promotion and Food Distribution Costs to the Midwinter Meeting of Food Marketing Institute.

That *was* the presentation, you may recall, that suggested that manufacturers might wish to offer EDLPP—everyday low *purchase* prices to the distributor—in addition to other buying and merchandising arrangements, not necessarily in lieu of existing arrangements. But even that rather sensible suggestion fell on almost universally uninterested ears, if not totally deaf ones. The boom of the mid-Eighties had another year or two to run. Boom mentality and the expectation of continued inflation still dominated distributor thinking.

Prudent concerns

Several sober observers among distributors and manufacturers were deeply concerned that the gravy train of seemingly unlimited promotional funds could not last indefinitely, and that a sudden shift in marketing behavior could have wrenching effects. They also felt that prevailing promotional practices, and the inefficiencies of distribution that resulted, were adding unnecessary costs to the system and ultimately to consumers. Very sensibly, FMI launched the Harvard study on promotional practices in January, 1986. Six years later, the trends observed at that time have continued, and have now reached their present crescendo.

In 1986, when the study was initiated, manufacturers spent 37 percent of total marketing communication dollars on trade promotions, with 29 percent going for consumer promotions and 34 percent spent for media advertising. In 1978, the corresponding percentages were 34 percent, 24 percent and 42 percent. Today, as already noted, trade promotion costs have come to dominate all other marketing communication spending by far. It is extremely doubtful that consumers (or marketers) have benefitted from this shift.

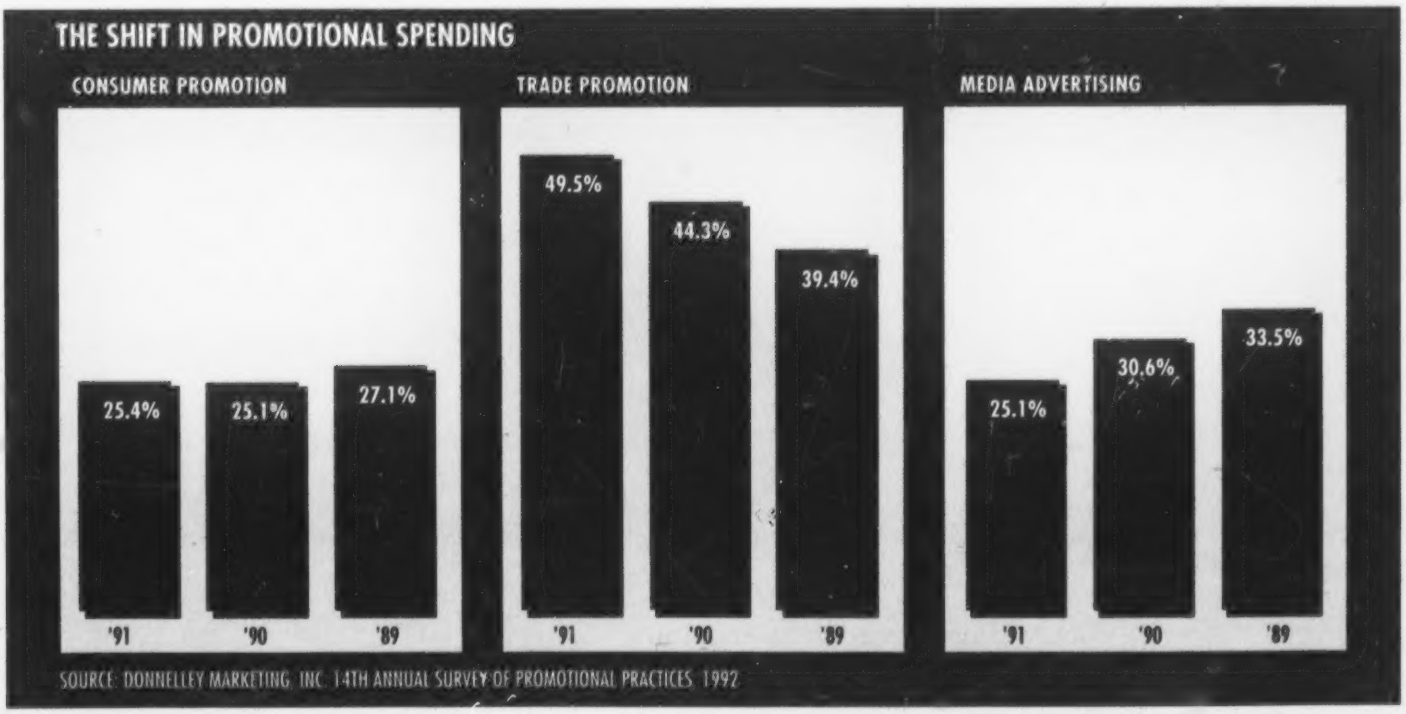
It is, therefore, commendable that it was the distribution side of the industry that first pointed out that there were alternative buying and merchandising methods available, such as a system based on accrual funds, dead net pricing and EDLPP. With the accrual funds method, the buyer accumulates promotional funds during a mutually established period at a stipulated rate. At the end of the promotional period, the buyer receives his accrued funds. While the accrual system is very similar to EDLPP, the main difference is that the funds are not distributed until the end of the performance period if all conditions are met.

Either accrual funds or EDLPP could be used by manufacturers and distributors to eliminate the need for forward buying of deal merchandise, which is one of the largest problems for both parties, in terms of unnecessary additional costs. Other methods of avoiding the ills of forward buying were also explored by the FMI study. "Bill and hold" is one of these. With this system, manufacturers bill the distributor at the deal price, but deliver the merchandise as needed over the period of the contract.

Manufacturers generally have refused to offer "bill and hold" as an alternative for one reason or another, even using the dodge that Robinson-Patman does not permit it. The usual explanation is that the administrative process of matching deliveries and invoices creates too many problems. But given the present capability of Electronic Data Interchange (EDI), that excuse doesn't seem to hold up either.

The rollback of both prices and promotions, where merchandise is transferred to distributors at a "dead net price," and accompanied by reduced promotional dollars, was also mentioned by the study as an attractive alternative, but for some reason was dismissed by the authors as "unrealistic." Unrealistic or not, that seems to be what Procter & Gamble is attempting in some of its product lines.

EDLPP, according to the study, differs from dead net prices because "EDLPP means that in return for a negotiated price, a distributor would agree to purchase or sell an agreed upon number of cases of a manufacturer's product over a designated contract



SOURCE: DONNELLEY MARKETING, INC. 14TH ANNUAL SURVEY OF PROMOTIONAL PRACTICES, 1992 period. Manufacturers would provide retailers with merchandise on an "as needed" basis for the length of the contract period. This method, the study says, "avoids inventory buildup for both distributors and manufacturers."

How the above description differs from "bill and hold" escapes the understanding of this writer, unless the difference is connected to when the money changes hands.

No ultimatum

It should be noted here that the study did not suggest that EDLPP be offered on a "take it or leave it" basis, but as an alternative to other current arrangements, just as several manufacturers already do. Why, then, was the study met with such indifference and even hostility?

The study's authors addressed this possible reaction with the observation that a move toward EDLPP might require changes at the managerial and cultural levels of both distributors and manufacturers.

Distributors, the study said, might have to change their criteria for appraising buyers. In an EDLPP arrangement, buyers would not be rated highly for the amount of deal money they bring in, but rather for their ability to acquire merchandise at the lowest net cost, and to minimize inventory levels.

Manufacturers' sales representatives would have to develop a longer-range perspective, rather than the deal-to-deal mentality—and subsequent inventory peaks and valleys—that prevail today. This, in turn, would imply changes in the marketing and sales environment, where sales reps are concerned largely with sales of individual SKUs, while brand or product managers are evaluated on the basis of gross profit less cost of marketing.

Another possibility is that the suggestion of "everyday low purchase price" was taken to mean "dead net price." And indeed, this writer did come away with that impression from the way in which the study was presented at FMI.

But what is the present status of EDLPP retailing? Although the buying and selling functions are not the same, there is an undeniable connection. To lend perspective, SUPERMARKET BUSINESS surveyed the top 50 retail markets in the U.S., to estimate the extent of EDLP merchandising. No attempt was made to include warehouse clubs or individual warehouse stores or "box" stores. Therefore, these estimates are in no way meant to be quantitative or definitive.

The chart does serve as an indicator of the EDLP movement, and can be used as a basis for future comparison. It should also be pointed out that most so-called EDLP operators also offer weekly specials or some combination of EDLP and special offers. Some, for example, also offer double coupons and weekly specials.

The chart appears below. ■

EDLP PRESENCE IN TOP 50 MARKETS

Rank	Market	% EDLP in Market	Major EDLP Operators *
1	NY, NJ, CT	6 +	Grand Union, Edwards +
2	LA/Anaheim/Riverside, CA	37	Food 4 Less, Lucky, Albertson's, Smith's, Trader Joe
3	Chicago/Gary/Lake County, IL, IN, WI	4 +	Strack & Van Til, Welton, Cub
4	San Francisco/Oakland/San Jose, CA	33	Lucky, Albertson's, Food 4 Less, Trader Joe, Canned Foods
5	Philadelphia/Wilmington/Trenton, PA/DE/NJ	3	Giant Food Stores, Davisville Center, Grand Union
6	Detroit/Ann Arbor, MI	7	Meijer
7	Boston/Lawrence/Salem, MA/NH	16 +	Show's, Hannaford, First National, Edward's +
8	Washington, DC/MD/VA	11	Shoppers Food Warehouse, Food-A-Rama Basics, Food Lion
9	Dallas, Fort Worth, TX	32 +	Albertson's, Winn-Dixie, Danals, Food Lion +
10	Houston/Galveston/Brazoria, TX	14	Gerland's Food Fair, Galation, Food King, David Food City, Stanley Stores, Albertson's
11	Miami/Fort Lauderdale, FL	34	Winn-Dixie, Pueblo International, Albertson's
12	Atlanta, GA	44	Winn-Dixie, Ingles, Grand Union, Bruno's, Cub
13	Cleveland/Akron/Lorain, OH	37	First National, Fred W. Albrecht,Giant Eagle
14	Seattle/Tacoma, WA	34 +	Albertson's, Keith Uddenberg, Fred Meyer, Klauser, Thrifty
15	San Diego, CA	36	Lucky, Food 4 Less, Albertson's, Trader Joe
16	Minneapolis/St. Paul, MN/WI	36 +	Rainbow, Cub
17	St. Louis, MO/IL	0	—
18	Baltimore, MD	10	Food-A-Rama, Shoppers Food Warehouse
19	Pittsburgh/Beaver Valley, PA	33	Giant Eagle
20	Phoenix, AZ	16	Smith's Food & Drug, Albertson's, Mega Markets
21	Tampa/St. Petersburg/Clearwater, FL	29 +	Winn-Dixie, Albertson's, Food Lion
22	Denver/Boulder, CO	54	King Soopers, Albertson's, Cub
23	Cincinnati/Hamilton, OH/KY/IN	5	Remke's Markets, Meijer, Bigg's
24	Milwaukee/Racine, WI	40	Sentry, Town & Country, Roundy's (Warehouse), Cub
25	Kansas City, MO/KS	5 +	Ball's Price Chopper, Food 4 Less
26	Sacramento, CA	44	Lucky, Albertson's
27	Portland/Vancouver, OR/WA	38	Albertson's, Fred Meyer, Waremart
28	Norfolk/Virginia Beach/Newport News, VA	23	Food Lion
29	Columbus, OH	11	Meijer, Cub
30	San Antonio, TX	12 +	Albertson's, Foodarama
31	Indianapolis, IN	5	Cub
32	New Orleans, LA	61	Shwegmann Giant, Winn-Dixie, Delchamps, Albertson's
33	Buffalo/Niagara Falls, NY	0	—
34	Charlotte/Gastonia/Rock Hill, NC/SC	58	Food Lion, Winn-Dixie, Bi-Lo, Community Cash Stores, Lowe's Food Stores, Ingles
35	Providence/Pawtucket/Rock Hill, RI/MA	10	Great Scott
36	Hartford/New Britain/Middletown, CT	1 +	Grand Union, Edwards
37	Orlando, FL	52	Winn-Dixie, Albertson's, Pueblo International, Food Lion
38	Salt Lake City/Ogden, UT	64	Smith's Food & Drug, Albertson's, Winegar's
39	Rochester, NY	0	—
40	Nashville, TN	15	Food Lion, Bruno's
41	Memphis, TN/AR/MS	2	Jitney Jungle Stores of America
42	Oklahoma City, OK	0	—
43	Louisville, KY/IN	24	Winn-Dixie
44	Dayton/Springfield, OH	22	Fulmer, Schear's Metro Markets, Meijer, Hench Enterprises, Howard's Foods
45	Greensboro/Winston-Salem/High Point, NC	57 +	Food Lion, Winn-Dixie, Lowe's, Ingles
46	Birmingham, AL	78	Bruno's, Winn-Dixie, Cub, Delchamps
47	Jacksonville, FL	57	Winn-Dixie, Albertson's, Food Lion
48	Albany/Schenectady/Troy, NY	47 +	Grand Union, Hannaford, First National, Edwards +
49	Richmond/Petersburg, VA	17	Winn-Dixie, Food Lion
50	W. Palm Beach/Boca Raton/Delray Beach, FL	40	Winn-Dixie, Albertson's

+ Select stores in market are operating as EDLP. No market share data.

* Lists major EDLP retailers in area. Does not necessarily include all EDLP operators.

5TH ANNUAL PRODUCE DEPARTMENT OPERATIONS REVIEW

BY DAVID LITWAK AND NANCY MALINE

For many involved in the produce industry, the end of their world may have seemed near, as cold winds blasted through the dormant fields and groves, icing not only vines and branches, but the very life blood of California's farmers.

Scenes from the great freeze of the winter of 1990-1991 gave way to images of devastated crops, and losses for suppliers and retailers.

Luckily for those involved, images are not always reality. While many producers and customers suffered, most were able to hold their own in terms of sales last year. In fact, produce departments in the nation's grocery stores enjoyed a 7.8-percent increase in sales dollars during 1991.

Many of the seeds that the industry planted to invigorate sales last year are still reaping benefits in 1992, and should still be producing results for years to come.

Among them were the increase in alternative sources of supply, a rebuilding of consumer confidence in the safety of the products, and programs that highlighted produce's place in terms of nutrition and health in the diet.

Weather was rough, supply was down and memories of Alar still fresh, yet consumers again drove produce volume upward. The reasons why may well assure ongoing success in this vital and perennially profitable department.

These factors combined to help the industry counter the potentially disastrous effects of the freezes and droughts in many vital growing areas. And of course, increases in the prices of many produce items also had their impact on total sales dollars.

Total sales of produce through the nation's grocery stores reached new heights last year, stretching almost to $35 billion, averaging out to just about $21,861 per store, per week. Despite the varied availability of many items in different parts of the country due to lower supplies, the majority of retailers (56 percent) reported increases in 1991 from the previous year's total.

While it is still too early to accurately predict 1992 sales, early indications are that sales will continue to increase. One favorable factor is the sheer amount and

variety of products that are available this year.

Kathy Means, director of communications for the Produce Marketing Association, Newark, Del., says "On the retail side, there's a lot more to sell this year than last year. We've had an abundance of much of the summer produce, so there were a lot of products for the stores to put on ad. You would expect more volume to move.

"Hurricane Andrew will have some impact on the availability of supply," she pointed out, "but we won't know what that impact will be until the growers can really get out and inspect the damage. Then we'll be able to tell what's left and if we can make up the shortage with foreign sources."

Anybody who grows, distributes, processes or sells produce undoubtedly remembers the Alar scare of 1989. The fact is that most people who eat produce also remember it!

But despite this awareness, it appears that consumers have regained any confidence lost regarding the safety of the produce they eat. According to a study recently released by the Center for Produce Quality, an industry advisory group that focuses on safety and food protection issues, 86 percent of those surveyed say that they have confidence in the safety of their produce.

Not only was this a marked increase over confidence levels immediately following the Alar incident, but it is even higher than confidence levels measured before the incident. This appears to be the result of industry efforts to inform consumers by taking a more active role in pesticide-related issues, largely through public awareness campaigns.

The study showed that consumers believe farmers are moderating their pesticide use, and that industry groups are now more credible, despite the activities of farm workers protesting the use of potentially hazardous pesticides over the past year.

It also found that consumption is on the upswing, a reflection of consumer belief not only in the safety of the produce, but in the dietary benefits it offers. Forty-two percent of respondents said that their families ate more fruits and vegetables in the past year, while a year earlier, only 31 percent reported an increase in consumption.

Increased consumer desire to include more produce in their diets, accompanied

Consumption is on the upswing, a reflection of consumer belief not only in the safety of the produce, but in the dietary benefits it offers.

PRODUCE CENSUS SALES & MARGINS

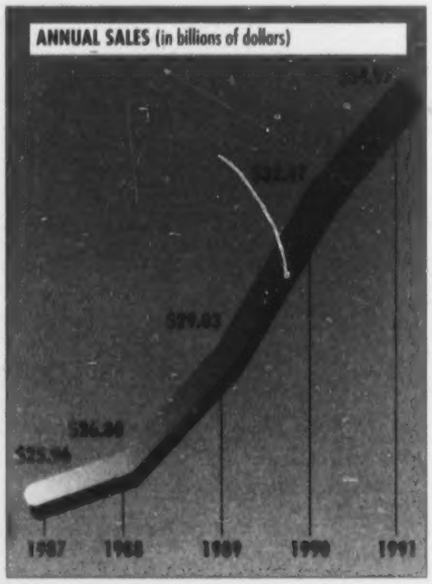
If an apple a day truly keeps the doctor away, then imagine the impact of $35 billion worth of assorted fruits and vegetables on the medical profession. Consumers spent just about that much in this key supermarket department during 1991. The figure represents an increase of 7.7 percent or $2.5 billion over the previous year's volume.

Produce department directors reported average weekly sales to be a juicy $21,861. Over half (56 percent) reported sales increases by their departments, with those gains averaging a very healthy 8.1 percent compared to 1990. However, a third said dollar sales were somewhat lower in 1991 than they were the year before.

Where does the produce department fit into the supermarket mix? On average, more than a tenth of total store sales take place there. And with the average gross margin reported to be 38.2 percent, the section contributes 18.7 percent of the store's total gross profit.

Produce Units		
Produce Departments		30,700
Percent of all Supermarkets		100%
Average Weekly Sales	Mean: 21,861	Median: 20,987
Conventional		9,117
Superstore		26,355
Change in Dollar Sales (1991 vs. 1990)		
Higher		56%
No Change		11
Lower		33
Total		100%
Average Reported Increase		8.1%
Sales, Profits & Margins		
Share of Total Store Sales	Mean: 10.9%	Median: 9.9%
Contribution to Store Profits	Mean: 18.7%	Median: 18.3%
Gross Margin	Mean: 38.2%	Median: 37.0%

ANNUAL SALES (in billions of dollars)

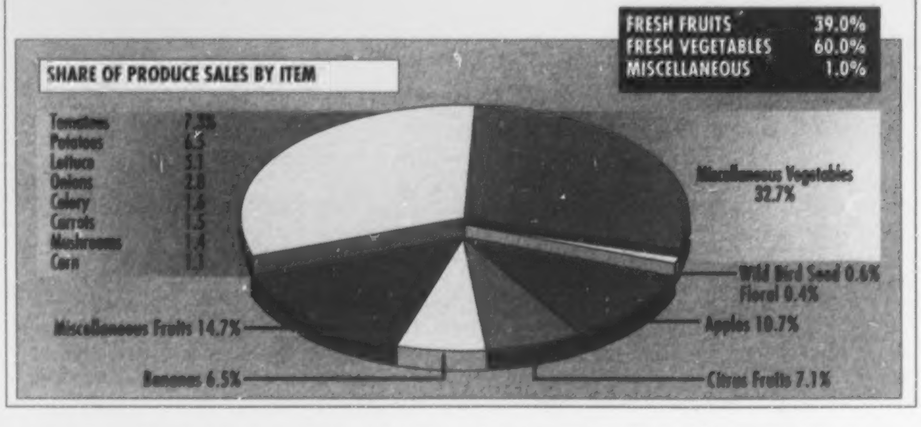


PRODUCT MIX

Although vegetables outsell fruit by about 20 percentage points, the all-American apple tops the individual item hit parade, with a 10.7-percent share of the total produce sales pie. A fair share also goes to citrus fruit (7.1 percent) and bananas (6.5 percent). As for individual vegetables, tomatoes (7.3 percent) and potatoes (6.5 percent) are the biggest sellers.

Predictably, the largest segments of the produce sales pie are comprised of miscellaneous fruits and vegetables. (Yes Mr. Bush, that includes broccoli.) These involve a mixed bag of over 200 produce varieties, each with a share too small to warrant individual mention.

SHARE OF PRODUCE SALES BY ITEM



by this year's increased crop yields, should combine to enhance retail produce sales in 1992. So it is not hard to see why many are predicting a bumper sales year.

With 1991's average gross margins on produce reaching 38.2 percent in supermarkets, the category remains a supermarket profit star. On average, it accounts for 18.7 percent of the total profits of the store, and about 10.3 percent of sales distribution. Those are the national averages, but many stores enjoy considerably higher produce distribution rates, even to the point of making the departments their specialty.

To the end of increasing such profitable volume, the supermarket industry has embraced a massive promotional program called Five-A-Day, obviously geared to motivate consumers to see to it that family members include five fruit or vegetable items in their daily diets.

The national campaign, which incorporates the efforts of the produce industry and its trade associations as well as the retail community, has the blessing of the National Cancer Institute, to underline the credibility of the health benefit claims at the heart of the program.

To date, 225 retailers have signed on to participate in the program, along with a number of service wholesalers. According to Produce for Better Health (PBH), Newark, Del., which coordinates the Five-A-Day program, this translates to over 35,000 retail stores. In addition to supermarkets, these outlets include convenience stores, designated farm markets and the defense commissary network. PBH believes that the penetration into supermarkets stands at about 75 to 80 percent of ACV nationwide.

The rate of participation has far exceeded the initial targets, according to PBH executive director Brian Krieg. "In terms of satisfaction surveys from retailers, we are getting good feedback, especially from those retailers who have been more enthusiastic in their implementation of the program," he said. "Retailers have begun to look at the program as a customer service message, as well as a sales message. They are providing important information to their customers, while increasing sales in the long run."

As to the consumer's reaction to the program, the evidence is less abundant. Surveys done in 1989 that measured the number of servings consumers believed they needed in their daily diets found that only eight percent thought that the proper amount was five per day.

After the program was started last year, a National Cancer Institute survey found a

To date, 225 retailers representing 35,000 retail stores have signed up to participate in the Five-A-Day program.

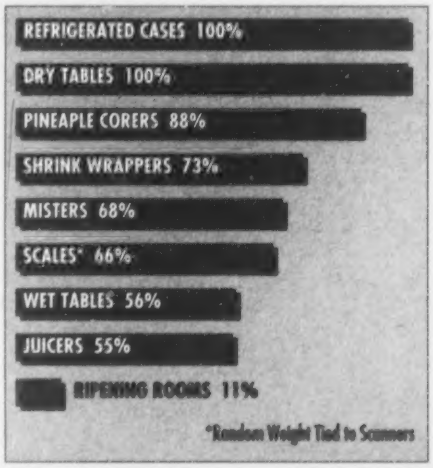
SPACE & EQUIPMENT

Despite its sales growth, the produce department only gained an additional 43 square feet of space in 1991, for an average department size of 4,910 square feet. This growth is in proportion to the supermarket's expansion as a whole. As it did in 1990, the average produce section occupied 12 percent of the store's total space.

Per square foot, the department brings in $4.45 a week, on average, which represents an improvement of 28 cents over the previous year's $4.17.

Occupying the average department's 4,910 square feet are some rather large pieces of equipment. The largest, refrigerated cases and dry tables, are produce essentials. Since consumers love pineapples, except when it comes to handling them, most stores (88 percent) have pineapple corers available to make the fruit even more appealing (and saleable) to customers. Further on the theme of convenience, three-fourths of supermarkets (73 percent) use shrink-wrappers to pre-package some items.

To alleviate cashier confusion and checkout gridlock, two-thirds of stores have scales which will issue scanner and pricing data. Very few operators (11 percent) see the need for ripening rooms at this point in time.



*Random Weight Tied to Scanners

Size of Department	
Square Feet of Space	*Mean* 4,910
	Median 2,945
	Conventional 2,300
	Superstore 5,135
Share of Total Store Space	*Mean* 12.0%
	Median 10.8%
	Conventional 12.3%
	Superstore 11.2%
Average Weekly Sales Per Square Foot	
	Mean $4.45
	Conventional $4.02
	Superstore $5.01

SUPPLY

The average produce buyer is becoming more and more accustomed to finding exotic fruits and vegetables. And as the unusual becomes the commonplace, the number of varieties carried in the produce department continues to increase. In 1990, the average produce department sold 240 varieties. That figure swelled to 280 last year. In the peak of the summer season, there were 310 items available in the average supermarket produce department, compared to 285 in 1990.

The vast majority of supermarket produce (91 percent) still comes to retailers via large regional produce distribution centers. However, 80 percent of produce operators surveyed report that at least 10 percent of the merchandise they sell is locally grown.

Sources of Supply	
Delivered Direct to Store	9%
Through Warehouse	91
Total	100%

Number of Produce Items Stocked

Varieties	Year-Round Average 280	Summer Months Average 310
100 or less	20%	2%
101-200	18	7
201-300	38	42
Over 300	24	51
Total	100%	100%

Use of Locally Grown Products (Percent of Items)	Mean 12.3%
Less than 5%	10%
5 - 9%	10
10 - 14%	56
15% and over	24
Total	100%

LABOR & SERVICE

Like every other department in the store, produce is feeling the pinch of staff cutbacks. The average department employed somewhat less help in 1991 than in 1990 (4.2 full-time equivalents compared to 4.5).

Each full-time equivalent employee brought in $5,205 per week in sales, about 15 percent or $693 more than the year before. Unfortunately for the front office, that increase did not lower labor costs as a percentage of total sales. Despite the cutbacks, labor ended up costing more in 1991 (8.8 percent of sales vs. 8.5 percent in 1990). The skyrocketing cost of insurance and other benefits was cited as the apparent cause.

Although the convenience of pre-packaged produce goods has its appeal (29 percent of the merchandise was reported to be packaged), bulk merchandising continues to be the mainstay of the department (71 percent of total items).

Number of Employees	
Full-time	2.6
Part-time	3.2
Full-time Equivalent	4.2

Full-time Equivalent Employees*	
Fewer than 3	17%
3-4	35
5-6	22
7-9	26
Total	100%

*Two part-time = one full-time employee

Average Weekly Sales Per Employee*	Mean $5,205
$2,000 or less	1%
$2,001 - $3,000	18
$3,001 - $4,000	41
$4,001 and over	40
Total	100%

*Full-time equivalent employees

Labor Cost (As a Percent of Produce Sales)	Mean 8.8%	Median 8.3%
8% or less		27%
8%		22
9%		23
10%		28
Total		100%

Items Sold Packaged or Bulk (Percent of Products)	Mean	Median
Packaged	29%	25%
Bulk	71%	75%

CUSTOMER SPENDING

Six out of every ten shoppers (61%) in the supermarket visit the produce department. Their average transaction there adds up to $2.92, an increase of $.21 per purchase over 1990.

Percent Who Shop the Produce Department

Mean 61% Median 57%

How Much They Spend	Mean $2.92
$1.00 or less	11%
$1.01-$2.00	16
$2.01-$3.00	35
$3.01 or more	38
Total	100%

surge in awareness of the five-servings-a-day standard following increased media attention. The institute plans to repeat the consumer surveys next year for a more accurate assessment.

In terms of total consumption, achievement of the program's goal of five servings a day per person by the year 2,000 would double the current intake of 2.5 servings a day. Krieg points out that increasing the national daily produce diet by a half of one serving would increase annual produce sales by a third.

Currently, the program's actual coordination budget is $600,000 a year, and he estimates that the produce industry will spend about $15 million to promote it this year. There are also plans to develop a foodservice component, and community based pilot projects.

The program is sure to increase the retailer's usage of departmental signage. In 1991, 40 percent of retailers reported using extensive signage, while the remaining 60 percent used only limited written messages. Nearly all said they used point-of-purchase advertising materials.

New nutritional labeling requirements will also have a hand in increasing customer reading matter in the produce department. New Federal guidelines are currently voluntary, but the government will conduct compliance surveys next year to determine if regulations should be made mandatory.

Says PMA's Means, "Stores are putting up signs for at least the top 40 items (top 20 vegetables and fruits), and some are going beyond that. Produce has such a good nutritional story to tell, that for both the consumer and the retailer, nutritional labeling is a win-win situation."

The growth of branded produce items continued in the nation's supermarkets in 1991. Exactly half the operators responding to our survey said they carried more branded produce in 1991 than ever before. The other 50 percent said that they carried about the same amount. No one reported carrying fewer branded items in 1991 than in previous years.

Many of the major growers, such as Sunkist, Turbana, Chiquita and Nunes have continued to aggressively promote not only their brands, but also the nutritional properties of their particular categories. Along with this, many of these suppliers have developed new packages and are branding new products or varieties.

One hot topic in international trade circles that is not lost on the produce industry is the Free Trade Agreement that was recently signed. While many other

Many of the major growers have continued to aggressively promote not only their brands, but also the nutritional properties of their particular categories.

industries are wary of its effects on them, the U.S. produce industry is generally anticipating many more benefits than it is hardships.

The agreement calls for tariffs on agricultural products to be lifted. All products will be classified into five groups, and the tariffs will be phased out over a 10-year period, depending on the group the product is in.

According to the United Fresh Fruit and Vegetable Association, Alexandria, Va., this will allow for greater access to markets in the U.S., Mexico and Canada for producers and suppliers of all three countries. One important factor of the agreement is that it allows each of the three nations to impose its own pesticide and other product safety regulations on the foreign produce being imported.

Foreign produce suppliers have continued to grow in significance in the American market. Currently, Mexico ships about four billion pounds of produce into the U.S. each year, a figure that may well increase further as a result of this agreement. However, this also gives U.S. growers more opportunity to reach into those markets as well.

Foreign shipments were instrumental in supplying produce items to U.S. supermarkets whose domestic supply was crippled by the freezes and droughts of 1990 and 1991. This helped hold down prices and contributed to the overall increase in sales. They may well have to play a similar role to an extent this year, once the damage done to Florida's growing areas by Hurricane Andrew has been accurately assessed.

As for what's "hot" among produce items, it appears that when it comes to the produce section, modern consumers behave no differently than they do in any other perishables department.

The watchword remains convenience. Retailers report that the items that they added to their departments most often last year were convenience items. Prepared salads, pre-cut vegetables and melons and upscale dressings topped the list of the most commonly introduced or expanded produce programs in 1991. ■

SPECIAL SECTIONS

There are items sold in the supermarket that are related to produce, but that do not necessarily come under the department's responsibility. The salad bar is a prime example. Salad bars are operated by two-thirds of the companies we surveyed. Yet, while their items obviously "originate" in produce, only half of the sections in the respondents' stores are maintained by produce personnel.

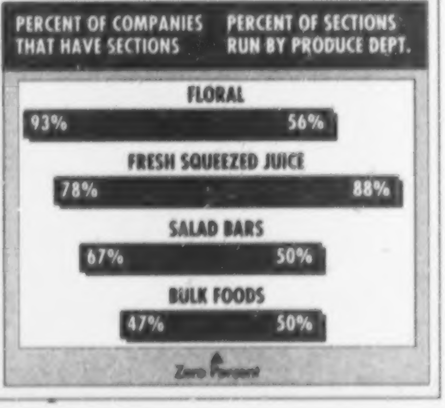
Almost all of the companies offer floral items (93 percent), but little more than half (56%) were sold by the produce department.

When asked what's hot in the produce aisle this year, staffers will tell you they've been extra busy cutting up fruits and vegetables and preparing ready-made salads for purchase. Another new wave is the growth of more upscale salad dressings now sold in the produce section.

According to respondents to our survey, the demand for bulk foods and dried fruits is decreasing.

ITEMS MOST OFTEN INCREASED/DECREASED

INCREASED	DECREASED
Prepared Salads	Bulk Foods
Pre-cut Items	Dried Fruits
Upscale Salad Dressings	



MERCHANDISING

Every company surveyed uses at least some signage to identify and promote their produce. More branded items are being sold, according to half the respondents, with literally none reporting a decrease in branded produce volume.

Consumer issues that remain high on the "concerns" lists of produce department operators include pesticides and produce safety, new labeling requirements, and the hiring and training of competent personnel.

Use of Signage (to explain varieties)	% of Companies
Use signage	40%
Limited use of signage	60
No signage	0
Total	100%

Change in Amount of Branded Produce Items Carried (1991 vs. 1990)	
Increased	50%
Decreased	0
No Change	50%
Total	100%

Biggest Challenges Facing ProduceDepartment

Pesticides/Produce Safety	Increasing Sales per Transaction
Training	Labeling

ADVERTISING & PROMOTION

Virtually all supermarkets continue to advertise produce specials in newspapers, and point of purchase promotions and instore sampling are also applied almost universally. Radio and television spots are used by 78 percent and 55 percent of respondents, respectively.

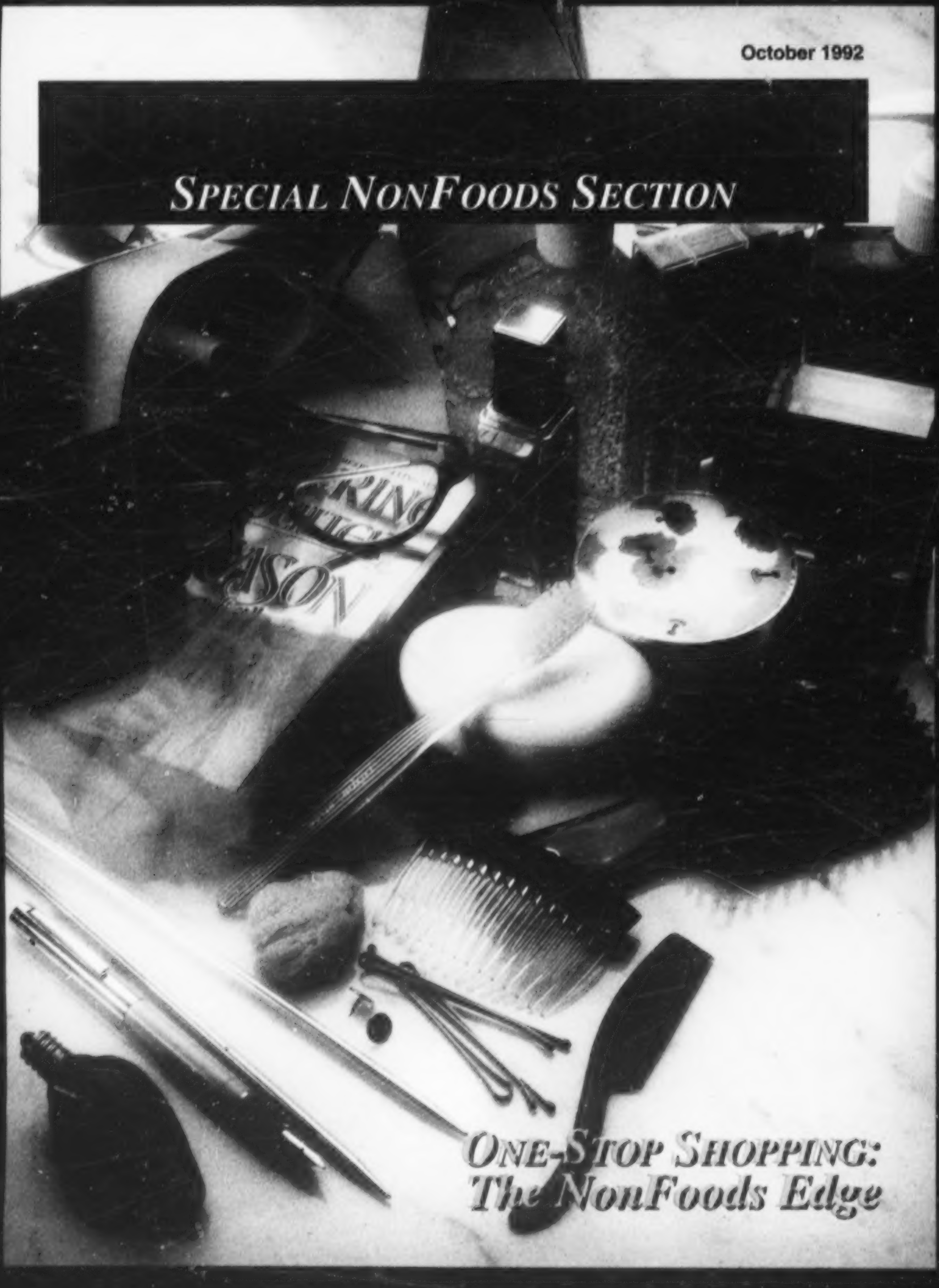
Produce operators feel that the advertising support the department receives is at least proportionate to department sales. Eighty-seven percent feel that their share of promo space is fair relative to the volumes their sections produce.

Promoting Produce	% Use
Newspapers	100%
Sampling	90
Point of Purchase	95
Circulars	83
Radio	78
Television	55

Produce's Share of Ad Space Compared to Share of Sales	
Greater	25%
Less	13
Equal	62
Total	100%

October 1992

SPECIAL NONFOODS SECTION



ONE-STOP SHOPPING: The NonFoods Edge

GM/HBC TRENDS

Consumer Demand Ignites NonFoods Sales in Supermarkets

Think the robust growth rate of nonfoods is slowing in supermarkets? If you do, you should consider these facts:

- Nonfoods products copped the top five positions as far as largest percentage increases in dollar sales, according to Supermarket Business' Annual Consumer Expenditures Study;
- Two nonfoods products ranked in the top 15 product classifications as far as dollar volume increases, according to the CES;
- Both health & beauty aids and general merchandise registered solid sales gains from 1990 to 1991, outpacing such grocery store staples as soft drinks, candy and pasta.
- Nonfood items (including prescriptions) produce almost 10 percent of total store sales.

Indeed the outlook for nonfoods appears to be as fit as ever.

Prescription for Health

One reason is the emphasis on health-related merchandise that ties into the increasing number of pharmacies in food stores today. According to the CES, prescription drugs produced a 16 percent dollar increase from 1990 to 1991. Prescriptions now account for 1 percent of total store volume. Retailers such as Kroger and Safeway have vowed to open pharmacies in all new stores. The nation's supermarkets added 229 instore pharmacies this year, with the total growing to 5,113 from 4,884 in 1990. Pharmacies now operate in 16.5 percent of all supermarkets in the country.

The halo effect Rx departments have on other health & beauty aids contributed to strong sales spikes in categories such as cough medications, incontinence products, fever thermometers and diarrhea remedies. For example, cough medication dollar sales rocketed almost 39 percent from 1990 to 1991.

Other categories benefitting from the health orientation of food stores include home pregnancy test kits (12.6 percent gain), burn remedies (8.3 percent) and antacids (7.8 percent). Sales of over-the-counter medications were also bolstered by items which are now available without a prescription such as yeast infection remedies. Although some operators shied away from yeast infection products because of high price points and pilferage, those who did stock them reported a sales bonanza.

Supermarkets worked hard to protect their turf in health & beauty aids. After building up enviable 35 percent to 50 percent market shares in health and beauty aids, supermarkets found themselves under attack from a revived drugstore market as well as an emerging wholesale club business. Intrepid food stores held onto the

continued on page 6

1991'S TOP $ GAINERS IN SUPERMARKETS

Category	1991 Grocery Store Sales (000)	Percent Increase	% of Store Volume
Video Cassette Sales	190,788	57.4	0.06
Cough Medications	377,692	38.7	0.11
Toothbrushes	203,560	27.3	0.06
Incontinence Products	115,614	25.9	0.03
Diarrhea Remedies	166,628	24.6	0.05
Toaster Pastries	233,409	23.7	0.07
Packaged Cold Cuts	4,706,782	22.2	1.36
Plastic Cutlery	66,582	20.9	0.02
Cereal Bars	406,128	19.0	0.12
Onions	977,452	18.8	0.28
Routine Infant Formulas	1,501,747	18.4	0.43
Croutons	40,105	17.0	0.01
Tomatoes	2,543,001	16.6	0.73
Antifreeze	206,803	16.2	0.06
Freezer Paper	24,026	16.1	0.01
Video Cassette Rentals	845,000	16.0	0.24
Fever Thermometers	18,113	16.0	0.01
Prescriptions	3,480,916	16.0	1.00
Frozen Yogurt	302,260	15.7	0.09
Apricots	24,711	15.2	0.01

With nonfoods products winning nine out of the top 20 dollar gainer slots, overall nonfoods growth is stronger than all other major departments except bakery & deli.

GM/HBC TRENDS

continued from page 3

market and HBC sales hit a new high of $11.6 billion last year, up 5.3 percent over 1990's $11 billion.Average weekly sales of supermarket HBC sections maintained a steady rate of increase last year, rising to $7,250 from $6,879 in 1990, a gain of $371 a week.

Average gross margins in the department rose to 29.9 percent, up from 27.3 percent the year before. The higher margins can be attributed to the sale of higher margin products such as OTC medications.

OTC drugs, however did lose a full percentage point of their previous share, but they still account for almost a quarter of the HBC section's sales. The next largest is hair care.

On average, labor costs consumed 4 percent of HBC sales, up from 3.8 percent. Some of this increase is because of a reduced use of service merchandisers in HBC as well as the costs of staffing pharmacies and cosmetics departments.

Department sizes have a mean average of 228 gondola feet with a median of 241 gondola feet. Naturally, super warehouse stores sport the largest at 308 feet; conventional units average 173 feet.

The One-Stop Shopping Edge

One-stop shopping is also playing a factor in nonfoods growth, especially in general merchandise. Video cassette sales posted a 57.4 percent dollar increase from 1990 to 1991 as shoppers took advantage of expanded video offerings in food stores. Video cassette rental also produced a 16 percent jump in dollar volume.

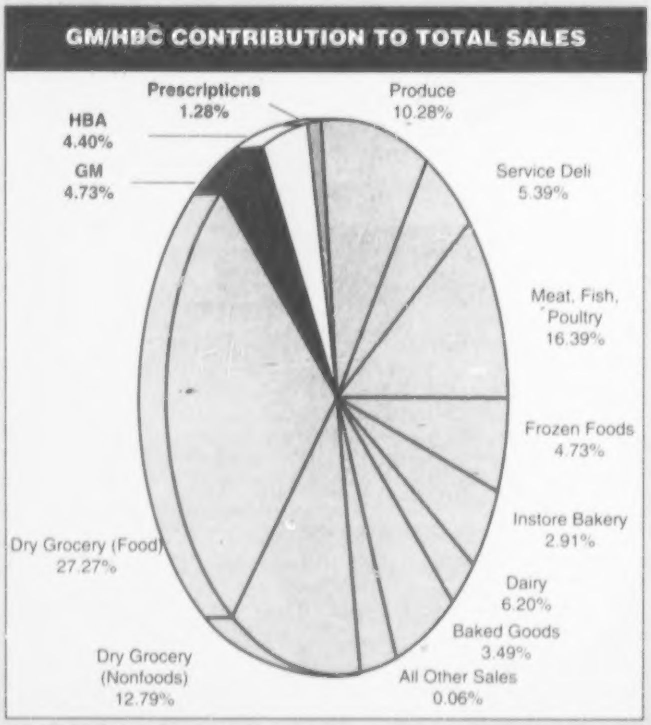
Other categories exhibiting impressive sales increases include greeting cards (5.9 percent), pet accessories (7.5 percent) and writing implements (8 percent). Surprisingly, categories some supermarket operators have decided to eliminate such as auto supplies, exhibited increased sales last year. Auto supplies sales jumped 7.1 percent from 1990 to 1991.

General merchandise sales are rising at a somewhat lesser rate with supermarkets reporting overall gain of 5 percent to hit the $11.9 billion mark. Typical general merchandise weekly averages range vastly from $5,309 per week to $13,215 —depending on the store size and type.

The two largest segments of general merchandise are housewares and periodicals and books. Photo supplies is the third largest.

In terms of gondola feet, general merchandise departments range from 425 feet to 1,085. Because products are merchandised throughout the store, labor costs are distributed among many departments. On average labor represented 6.1 percent of sales, up from 5.1 percent last year.

Although general merchandise sales are growing slower than HBC, customers have come to expect to find a healthy assortment of items such as rubber serving products, utensils, gadgets, film, pet supplies and greeting cards. A well-stocked general merchandise selection can be the ultimate one-stop shopping competitive tool. ■



GM/HBC CONTRIBUTION TO TOTAL SALES

Health & Beauty Care, General Merchandise and Prescriptions together account for a total of 9.13% of supermarket sales, an increase of 1.15 points (14.4%) over five years ago.

WHO'S WHO IN INSTORE ADVERTISING

Some of the leading companies in the instore business

ActMedia, Norwalk

Services offered: Cart Advertising, Aisle Vision/Aisle Action, POP Radio, Shelf Talk, Shelf Take, Impact, Select, Freezer Vision, Act Now Retailer's Choice
Network: Over 20,000 food stores, 10,000 drug stores and 2,000 mass merchandisers, toy stores and home centers
Clients (partial list): Procter & Gamble, Unilever, Pepsi, Borden, Nabisco, Dial, Quaker Oats
Approximate 1991 revenues: $200 million

Catalina Marketing, Anaheim

Services offered: Checkout Coupon, QuickCash frequent shopper program
Network: 4,500 supermarkets nationwide
Clients (partial list): Coca-Cola, Pepsi, Nabisco, RJR Tobacco, Quaker Oats, Campbell's, Kraft General Foods, ConAgra, Warner-Lambert
Approximate 1991 revenues: $48 million

In-Store Advertising, New York

Services offered: Network of electronic two-sided billboards at key locations in-store. Ads are transmitted via satellite from the company to each store.
Network: 5,400 stores nationwide
Clients (partial list): Kraft General Foods, Nabisco, Nestle, Procter & Gamble
Approximate 1991 revenues: $20 million

MediaOne, New York

Services offered: Network of two-sided backlit advertisng signs at checkout lanes New products: Cart Clip Program (ads featured on clips on cart handles)
Network: 5,600 stores nationwide
Approximate 1991 revenues: Sources put revenues at around $8 million

Turner Broadcasting System, Atlanta

Services offered: Checkout Channel Network: 150 stores in 11 market areas nationwide. Recently inked an agreement with A&P to roll out Checkout Channel into 300 A&P stores in the northeast.

Site-Based Media, New York

Services offered: Shopper's Video, a network of TV monitors which deliver animated videos at key locations throughout the store
Network: Roughly 50 stores. Recently inked a joint venture agreement with NBC and Fleming Companies to expand the new NBC On-Site to roughly 1,000 stores.

VideOcart, Inc., Chicago

Services offered: electronic coupons/specials with screen mounted on shopping cart
Network: 180 stores nationwide
Approximate 1991 revenues: $3.8 million (32 stores)

SOURCES: ADWEEK; BOZELL STUDY

GOING THE NEXT STEP

Instore advertising may not have the cachet of a 30-second TV spot, but more and more clients are pressuring agencies to take a hard look at the new medium.

By Michael McCarthy

Although it has generally been treated as the ignored stepchild of the advertising world, the strong growth of instore advertising is leading many agencies to change their attitudes toward this new medium.

Now, following a decade in which the use of instore media and promotion has roughly doubled, the growth of instore advertising is outstripping more traditional vehicles such as television and print. The industry, valued at about $350 million in revenues this year, is expected to grow to more than $1 billion in the next five years. These optimistic projections have industry experts believing that ad agencies might start using the medium as a front-line weapon rather than an afterthought to existing media plans. If agencies do so, they might be able to tap into a new source of revenue for the recession-plagued advertising industry.

"In these times, the agency business could certainly use another billion dollars per year passing through the system," says Charles Peebler, chief executive officer of Bozell, which recently published a landmark study on the industry. "Instore advertising definitely qualifies as another advertising medium, and agencies

Continued on page 74

Reprinted permission of ADWEEK

Going the Next Step

Continued from page 61

should view this as something within their province."

But while the times may be right, the majority of agencies have not embraced instore advertising as a wholly legitimate vehicle for their clients. Most claim they need to see more research before committing dollars and schedules. Many don't regard instore to be as glamorous as TV or print; some don't consider instore to be advertising at all.

But instore marketers say agencies are mired in outdated thinking and won't accept the future. "We're dealing with people who are resistant to change. I know that's hard to believe of ad agencies," says Wayne LoCurto, president and chief executive officer of ActMedia in Norwalk, Conn., the largest instore advertising operation. Adds Michael Wolf, a partner in the management consulting firm of Booz Allen & Hamilton, New York. "Agencies need to see their role as moving away from simply providing creative services to becoming marketing problem solvers...Agencies are very wedded to traditional mass media, especially TV. Couponing often doesn't fit in with what they've created for a client's TV campaign."

But a vice chairman of a large New York shop sums up the agency side succinctly: "We're not believers yet. This thing is still in its infancy, and we want to be sure that it's viable for our clients before we commit to it." This executive, however, did not want to be named for fear of angering clients who like the concept of in-store marketing. His concern points up the potential schism evolving between agencies and clients.

Some 60 to 70 percent of time sold by instore marketer MediaOne, New York, for example, is placed directly through the client, according to president Jefferson Myers. Adds LoCurto, "The agencies have a chance to access [client] promotion budgets they've never touched before. But we get no help from a lot of agencies. They look down their noses at us because we're not network television."

More than 50 companies are active in the instore advertising business, but only a handful, including ActMedia, Catalina Marketing in Anaheim, Calif., In-Store Advertising (ISA), New York and MediaOne are truly national players. The big players in the market offer a host of services to their clients, ranging from low-tech billboards to high-tech coupon machines. Regardless of size, all these companies rely on the same factors for growth: the fragmentation of existing media; the fact that shoppers make nearly 70 percent of their purchasing decisions at the point of-sale; and the drive by clients to find new ways to influence consumer shopping habits at the store level.

For agencies, the medium provides some obvious benefits. Most major programs offer commissions to shops that buy time for their clients on instore networks. ActMedia ad products, for instance, are 15 percent commissionable. Instore advertising allows agencies to tap into clients' promotion budgets—an opportunity for beleaguered

shops to recoup marketing dollars that clients are increasingly putting into promotional budgets. Promotion expenditures now outstrip ad dollars by a 75-25 margin, according to Stamford, Conn.-based Donnelley Marketing. The medium also functions as a powerful complement to traditional advertising. "We provide the link between a national advertising program and getting the consumer to reach for the product instore," says Wally Meyer, president and chief operating officer of Catalina Marketing. "A lot of our clients are using our network more for advertising than they are for couponing."

Instore advertising's biggest benefit to agencies may be that it allows shops to strengthen relationships with clients. Says Marc Kalan, vice president, marketing for ISA: "The bottom line is that this is an opportunity for agencies to build on the portfolio of services they provide to clients. The agencies that don't realize this will be the losers since they are allowing a third party to become ~~one of the~~ primary communication vehicles for their clients."

As the industry has grown, it has given birth to state-of-the-art promotional vehicles. According to Bozell's study, retailers today have the ability to evaluate shelf space, return per square foot, direct product profit and return on invested inventory. With Catalina's Checkout Coupon, consumers can receive instant coupons on certain products. Many instore advertising programs are still in the testing phase, such as Shoppers Video over-the-shelf TV monitors; Turner Broadcasting Systems' and ActMedia's joint venture, Checkout Channel, which provides TV monitors at supermarket checkout lanes; and VideOcart, which mounts monitors on shopping carts.

Though the business of instore marketing is clearly on the upswing, there remain obstacles to reaching the billion-dollar mark by the end of the decade. To attract new advertisers, instore marketers have to streamline the industry's image. To many propective clients it remains a bizarre mix of advertising, couponing and promotion. The image compounds an already tough sell to prospective clients who hold the medium to standards more akin to promotion than advertising. Advertisers look for direct sales increases in promotional campaigns, while image advertising strives for reach and frequency.

Like other new industries that have grown in a burst of potential, there is a glut of instore services. Insiders predict a shakeout over the next five years that will leave a handful of powerful players that may redefine the business.

According to Michael Wolf, the whole area of electronic marketing is part of the war for control between retailers and manufacturers. With these two groups battling, small third-party companies that offer instore advertising services could end up squeezed by both sides.

"Some retailers and manufacturers are already asking, 'Why do we have to have a third party do this? Why can't we do it ourselves?'" says an industry veteran. "We're caught in the middle, and right now that's not a very comfortable place to be." ■

MAY WE OFFER YOU SOMETHING THAT IS UNIQUE WITH A TRULY INTERNATIONAL FLAIR? BIZERBA '92 – THE NEW GENERATION.

The demands by retailers in North America are boundless.

Shoppers are requesting more services and more product information than ever before.

Bizerba has addressed these needs by developing a new generation of electronic retail scales and systems and a new range of high performance, programmable slicing machines. Our new generation of equipment has all the features you appreciate from Bizerba: Precision, reliability, safety – representing best value for your money.

Call us today ... to see for yourself.

BIZERBA USA, Inc., 147 Ethel Road West,
Piscataway, New Jersey 08854,
Tel.: 908-819-0121, Fax: 908-819-0429

BIZERBA
USA INC.